THE STATE AND INSDUTRIAL DEVELOPMENT: A CASE OF THE NIGERIAN AUTOMOBILE INDUSTRY

BY

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A THESIS SUBMITTED TO THE POSTGRADUATE SCHOOL, AHMADU BELLO UNIVERSITY, IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF DOCTOR OF PHILOSOPHY IN POLITICAL SCIENCE

DEPARTMENT OF POLITICAL SCIENCE
FACULTY OF SOCIAL SCIENCES
AHMADU BELLO UNIVERSITY
ZARIA, NIGERIA

JANUARY, 2000

CERTIFICATION

This Thesis "The state and Industrial Development: The case of the Nigerian Automobile Industry" by Eugene Tarkende Aliegba, meets the Regulations governing the award of the Doctor of philosophy (Political Science) of Ahmadu Bello University and is approved for its contribution to knowledge and Library Presentation.

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28th June 2006

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DEDICATION

This work is dedicated to my Late Grand Mother Mrs. Igyunkwase Ihiev and my late sisters Bridget and Agartha who today lives with the Lord, for their Love and prayers for my success in this Academic Pursuit.

ACKNOWLEDGEMENT

The successful completion of this work must first acknowledge the efforts of my two supervisors Dr. A. I. Ohwona and Dr. R. A. Dunmoye who put in much efforts to see this work through. They always and within short periods went through the drafts, and readily made them available. Their constant pressures when they noticed laxity on my part must be commended. They have indeed contributed so much to the nature and quality of the work. I must say I gained so much from their intellectual advises.

Dr. Ejembi Unobe and Dr. Paul Izah were particularly helpful in advising and directing on how the work should be pursued. I must also state that I am grateful to Ahmadu Bello University for giving me the opportunity to undertake such a study. My colleagues Dr. Sabo Bako, Dr. Saddique, Dr. Ayuba, Dr. Tagowa, Mr. Esew, Mallam Yakubu, Mrs, Salisu, Mr. Odofin, Mr. Omojuwa, Mal. Adamu, Mallam Kaoje, Mr. Mutfwang, Mal. Garba all showed concern for this work. Dr. Victor Tani my closest associate both in the M.Sc and Ph.D programme must be thanked for his concern and constant pressures for me to finish in time.

Special mention must be made of Senator (Prof.) D. I. Saror, Prof. David Ker, Prof. P. T. Ahire, Dr. T.A.T. Yagba and Dr. A. P. Sorkaa who took personal interest in this work turning up successfully. Prof. P. T. Ahire and Prof. Ker in particular contributed the major funds for the field work to take off.

In the course of the field work, I benefitted from so many people. Here I wish to mention Mr. Chris Obiefuna (General Manager - Marketing, Mercedes-Benz - ANAMCO), Mr. Nathaniel bassey of Korean Embassy, Mr. Okey Nwafor, of Nocelf Fibre Glass, Author R. Njere of DAEWOO Autoland and Mrs Oni of Kewalrams for their kind reception and openness in their interviews and materials they allowed me access to. I must also mention Prof. Folaya, Eng. Goddis, Eng. Jolaya, Eng. Achiv and Eng. Lawrence all of CADD Zaria. Achiv in particular took the work just like his project, by giving materials and financial assistance constantly. Mallam Balarabe, Leke, Andrew and Haruna all of PAN helped much to gather data. Mr. Vincent Kuan also helped with vital information on PAN. Nomyogh Iorbee and late Kunav Atim must be remembered for spending time with me while in Kaduna for Data collection. Mr. E. E. Utit and Dr. Abdullahi helped so much while I was in NAC and RMRCN respectively.

In the course of the work in Ajaokuta Dr. Mudiare, Mr. Steve Annul, Mr. Mike Angou were of so much assistance. Mr. Dooga Goji and Mr. Tal provided the needed accommodation and feeding. Mr. Akaaga Ade feed, accommodated and contributed financially to the work while I was in Enugu. Mr. Adagbe and his little son made my stay in Nnewi a success, while Theophilus Alegbe and Mr. Akwe enabled me to round up work in Aba with little difficulties. Eng. Adeniyi made my work in Oshogbo an easy task. While Eng. Akinmokun made work at Ibadan hitch free. Major and Mrs Malu must be remembered for accommodating and feeding me while I was obviously stranded in Ibadan.

Dr. and Mrs Kanyip did on so many occasions accommodated and fed me in Lagos while on research trips. Miss Fate Abu and Mr. Azeez of Rubber Institute Benin did showed good concern and assisted the work. Mr. Umaru Abdullahi of ACI Kaduna assisted much with desired information Alh. Lawal Bala Isa took care of me for a week in Benin. Late Eng. Dzungwe Ityoikaa accommodated and feed me for days while in Bauchi, and helped to source materials for the work. Nicholas Mbajwa has been a main source of support around who have made my stay in Zaria and support for the work his major concern.

Mr. Ben Anger, Mr. Chris Nyiekpoghul, Charles Dewua, Captain Akatenger, Mr. Iorprur Addai contributed so much in financing this work. I am grateful to Tyoor Christ Chiv who contributed papers for the first prints. Peter Umbur, late Zugu and Mr. Patrick Ityohee, Carol Ugba, Vincent Uhembe and Philip Ajibo gave some financial assistance too.

Special mention must be made of Eng. and Mrs. Felix Atume who took keen interest that the work should finish in time without hitches. Their enormous financial assistance is what cannot be forgetten. Dr. F. J. Anweh and his two wives Becky and Ngunan provided the early shelter that saw me to this stage of life today, to them I am grateful. Of course, Dr. Demain, Basil and Fidelia were of much inspiration.

My friends in Zaria and else where contributed in so many ways to see me through this work. They include Denen Aji and wife Mwuese, Samuel Nyam, Dr. Ate, Dr. Allam and wife Nguvan, Dr. and Mrs. Yusuf, Mr. and Mrs Najime, Mr. and Mrs Terhire Iorliam, Dr. Bature, Dr. and Mrs Ageda, Bem Nyior, Ngutor Anyam, Jonathan Ndera,

Francis Uke, Franca, Biola, Tivsue Abah, Dr. Luga and wife Aseer, and Barrister Gberikon stood by me; giving moral and sometimes financial assistance. Mention must be made of Peter Akurega and Sam Tiza whose material and financial assistance kept my morale for the work high.

Mention must also be made of Etham, Toma Vihityo, Ter Vihityo, Peter Akegh, Basil Ushir, Jacky Yecho and wife Elizabeth, Gabriel Kwagboh and McAzenda Gyundu who all contributed in one way or the other in keeping my spirit going all through the period the work lasted.

For my family I owe much particularly to my Daughter Doofan (Baby `D') who had to miss me most of the times on my research trips. For Priscilla my wife, I thank her for the inspirations I got from her given the way and manner she conceived and rated this work and my academic carrier in general. I am so much indebted to my mum Uvernyi and little Doom for the suffering they have to endure while this work lasted. Little Doom's treatment in fact had to be suspended for this work to go on. For Tarkighir, Mwuese, Doshima and Una, I must say the years were hard given the death of grandma Igyunkwase, Bridget and Agartha. Yet they were high spirited and kept on enouraging me throughout the work.

Mrs Opoola, Mrs Aiyejumo and Godwin spent much time in typing this work. Goddy in particular had to sometimes sleep in the office to see the work through. Odeh, Gbem, T. and Bulus did help in proof reading. To all these I am grateful.

Finally, the major source of inspiration and success for the work must be given to the Lord Almighty who provided the stable environment, time, spirit, energy and resources which saw this work through.

Zaria, 1999 Eugene T. Aliegba

ABSTRACT

Industrialization is no doubt a major key to the development of a country. Thus, right from colonial to post colonial era, the state in the development countries has adopted several strategies to achieve this objective. While other regions and countries made enormous break through in this process, Africa and Nigeria in particular has recorded insignificant results. In fact, the specific case of Automobile industry is a very pathetic one.

This study sets out to examine how dependent capitalist states have conceived and implemented industrial development policies. Successive industrial development policies in Nigeria and how the state has failed to engender industrial progress have been looked at. The Nigerian Automobile Industry was used as a case study.

Focusing vividly on the role of the state to champion this process, the study draws inferences from the achievements in South Korea and concludes that this is necessary and practicable in Nigeria too. The study found out that for this to be possible the economic and political class that control the state must be prepared, to be patriotic, nationalistic and willing to undertake such a mission.

The major recommendation is that the progressive fraction of that political class and the productive fraction of the economic group all constituting a nationalist wing of the Nigerian bourgeoisie should team up and organise itself politically. When they do this, workers and a mass of the civil society will align with them to take political power democratically in order to control the state. Only such a group can use the state to direct industrial policies capable of perfecting technology to the point of developing an indigenous auto-industry. The example of South Korea as illustrated shows that this is possible.

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ABBREVIATIONS

ABU	-	Ahmadu Bello University
A/C	-	Air Conditioner
ASCL	-	Ajaokuta Steel Company Limited
ASP	-	Ajaokuta Steel Project
CADD	-	Centre for automotive Design and Development
C&D	-	Cooperate and Development
DV	-	Delivery Van
FBU	-	Fully Build Units
FMI	-	Federal Ministry of Industry
FYP	-	Five Year Plan
HCI	-	Heavy and Chemical Industry
ISO	-	International Organisation for Standardization
JS	-	Junior Staff
KAMA	-	Korean Automotive Manufacturers Association
KDB	-	Korean Development Bank
KIRI	-	Korean Industrial Research Institute
MAN	-	Manufacturers Association of Nigeria
MB-ANAMCO	-	Mercedes-Benz - Anambra Automobile Company
MS	-	Management Staff
NAC	-	National Automotive Council
NAP	-	National Automotive Policy

NIALS	-	Nigerian Institute of Advance Legal Studies
NMT	-	Nigerian Machine Tools
OECD	-	Organisation for Economic Cooperation and Development
ORD	-	Ordinary
R & D	-	Research and Development
RMRDC	-	Raw Material Research and Development Council
RRIN	-	Rubber Research Institute of Nigeria
SS	-	Senior Staff
SW	-	Saloon Wagon

CHAPTER ONE

1.0 INDUSTRIAL DEVELOPMENT IN NIGERIA: ISSUES, PROBLEMS AND PROSPECTS

1.1 INTRODUCTION

There is, currently in the developing world a stream of social science analysis on the problems of development confronting them. Some scholars have argued that while the rich nations work hard, think straight and plot their economic graphs well, the poor countries refuse to think for themselves and refuse to plot any viable economic graph (Aluko, 1995:5). Others however, insist that these are Western development theories, propagated by the West to maintain their imperial links in order to continue to foster their economic and Political interests (Amin, 1994).

However, an important element of this discourse on Africa is the absence of a focus *on development both as a process and an objective (CODESRIA, 1994, No.3:1).* Unfortunately, the protagonists of this ideology of development are the leaders of developed countries, international agencies and Multi-National Corporations (MNC's) and not the strata who need, and understand and should appreciate the development needs of their people.

A look at available facts and figures reveal that there is a great gap between the level and rate of development and between the developed and developing countries in all sectors (UNDP, 1991). This is, in spite the fact that the third or developing world has and will continue to contribute greatly to the process of development. As far back as 1974,

third world countries contributed approximately 6.5% of the world's manufacturing production. They contributed only 4% of the world's steel output. But at the same time, they were the source of 23% of the world's Iron ore. while extracting approximately 59% of the world Bauxite at this period, they only accounted for 3% of the world Bauxite at this period. This is equally true of phosphates, rubber, copper, lead, petroleum, zinc, etc (Clive, 1974: 78).

But within the developing world itself, there is on the average an enormous difference between the level and rate of development of Latin American and Asian countries on one hand, and Africa particularly sub-Saharan Africa on the other. Africa obviously seems to be lagging behind the former. This becomes more conspicuous when comparative analysis of resource potentials among regions and individual countries is made. For instance, the share of world manufacturing added value of Latin America increased from 4.7% in 1963 to 21.8% in 1981 and that of Asia from 2.6% in 1963 to 14% in 1981, Africa had a mere increment of 0.8% in 1963 and 3.5% in 1981 (UNIDO, 1985:19). And while the real income of these areas declined in the early 1980's those except for that of Africa which continue to decline, the others have witnessed some form of steady growth (Elson, 1989:56).

Asia in particular has made quite remarkable achievements. With a population of over 3 billion accounting for over 70% of the world's population, it has been able to improve on its life expectance ratio from 46 years to 64 years as of 1991. It has also a primary and secondary school enrolment improvement from 57% to 71% within the same period (UNDP, 1991:33). Most importantly the growth records of a small number of East

Asian Countries seem to stand above that of all developing countries. These countries popularly referred to as the `four little Tigers or Asian Gang of four' (Taiwan , Hongkong, Singapore, and south Korea) have had their development process transformed rapidly both in context of per capita GNP and the shifts in the structure of production. This has in turn increased the share of Industrial work-force real income which reflects sharp increase in life expectancy, access to health and other health related indicators and a rapid rise in adult literacy rates. And while these Asian conglomerates have just 2% of the developing worlds population, by mid 1980's were accounting for almost of 70% of its total trade, and 60% of its manufacturing exports (Nolam, 1990:41).

However, the African records on development are not impressive. It is on record that 14 of the 20 percent countries in the world are in Sub-Saharan Africa. Many of these became poorer in the 1980's with GNP of below US $300 in 1987 (Hewith, et. al. 1992:135). Of course, Africa too has made some improvements in recent decades since 1960s. Its infant mortality rate has fallen to 37 and life expectancy has increased from 40 years to 52 years, adult literacy by 2/3 between 1970 and 1985. But in general, its Economic growth has slowed down in the 1980s, while the population has been rising by 3.2% a year. As a result, GNP per capital has been falling by 2.2% yearly in the last 10 years as of 1991. (UNDP, 1991:234). Africa's growth rate has thus been a mere 1.4% in 1993 according to the preliminary reports by the United Nations Economic Commission of Africa (UNECA). This represented an improvement of over 0.7% growth rate in 1992, and 1/2 of the 3% forecast for 1993, but below the annual growth rate of 6% set by the United Nations New Agenda for development in 1990's (UBA, 1994:1) In fact, Africa's

flow of world in vestment is just 0.5%, collectively, the continent receives less foreign investment than Malaysia, (New Nigeria: 1995, September 7:1). Thus its industrial productivity has remained at 27% as composition to the gross domestic product as of 1989 (World Bank, 1991: 208-9). The 1990 indicators showed that Nigeria's birth rate was 46% death rate, 17% infant mortality 12%; life expectancy 48 years and per capital GNP as by 1989 was US$250 (UBA, 1991, Vol. 14., No.5:5). The country also has 70% of its population, living and deriving their livelihood in rural areas, with little access to basic amenities of life such as clean water, good road network, electricity, health care services basic education, etc (Alao, 1987).

Industrial development which should have laid a basis for firm development has not shown much results. while the industrial sector constitute 44% of composition of GDP by 1991, the manufacturing arm of industrial sector constituted just 10% of this (World Bank, 1991 op. cit). The Nigerian manufacturing sector's contribution to GNP, has been relatively low, it average 7.0 and 9.0% during the periods 1970/73 and 1981/85 respectively, before declining to an average of 5.4% between 1989 and 1991, manufacturing output performance continued to deteriorate and indeed recorded a negative rate of growth of 5.1% in 1994, although it contributed 6.9% of GDP. similarly, the overall manufacturing capacity utilization fell from over 70% in 1973 to 38.9% in 1986 and to an average of 41.9% during the period of 1987-1990 reaching as low as 30.4% in 1994, (Oguma: 1995). Infact Osifo- Whisky presents a satirical but graphic picture of the situation when he says:

> ..... in the early 1960s, small Malaysia asked for and obtained from the Nigeria Institute for oil Research NIFOR palm seedlings. These days, Malaysia makes more than 415 billion dollars a year from the oil palm industry alone..... now, NIFOR is in a state of stupor while Nigeria, instead imports in millions of dollars Malaysia vegetable oil in the early 60s, Nigeria, Brazil, south Korea and India established their Defense Industrial Corporation, DICs. over the years, the three countries have registered giant strides in their military - industrial complexes. while /south Korea is now a great name in computers electronics, car and ship buildings, Brazil makes planes, sophisticated weapons, and all manners of vehicles including trucks and buses. India is a nuclear arsenal, home-grown is a deciding factor in regional if not global power equation. Of course Nigeria's DIC has made great progress too. It can successfully manufacture furniture and compete with Awka blacksmiths in making dane-guns..... (Tell Magazine, 1996:5)

worse is that this industrial sector has been operating at less than 25% of the installed capacity (Usman, 1987:176). Although Nigerian and some of these newly industrialized economies in the developing world started out with the same import substitution industrialization policies in the early 1960s, and while some of these Economies have switched to an Export-led growth strategy, Nigeria is still stuck in industrial stagnation. With specific reference to the Automobile industry, there has been a tremendous emergence of automobile technology in Developing countries (R. Baranson, 1971).

In fact, the OECD inter futures Project did prepare a study as far as 1978 which predicted a shift of production of standard models to countries like Brazil, Mexico, Korea and Iran, (OECD, 1978). It has also been demonstrated graphically in 1978 how Brazil became a car supplier to the Third World under the International sourcing arrangements

of three of four Multi-National companies Volkswagens. Brazil, it is stated, was not just making cars specially designed for third world conditions, which it successfully sells to other less developed countries (LDCs), but also acts as an important supplier of components to developing countries (Time 13, November 1978:7).

It has been revealed that Argentina, Mexico and south Korea have followed in the wake of the Brazilian steps. India too has shown a good picture of successful truck exportation made by TELCO (from a Daimler - Benz license now terminated) and by a Leyland subsidiary, Emerging as a major exporter of motor cycles. TELCO has an affiliate in Malaysia and some six licenses in other LCDs, assembling its trucks; it is perhaps the first automotive Multi-national to emerge from the developing world (Lall, 1989).

The Nigerian automobile industry is more than thirty years old, although the involvement of the federal government in the industry began under the second national development plan (1970-74) with the establishment of two passenger car plants in Kaduna and Lagos. Soon thereafter four commercial vehicle plants in which Government also had substantial interest sprang up within the third plan period (1975-1980) in Ibadan, Bauchi, Enugu and Kano. Private entrepreneurial initiative was responsible for coming into existence of two other commercial vehicle plants in Lagos (auto Nigerian 1994), yet as of today the Nigerian auto industry has not taken off. In fact, most of these plants have folded up. And even the remaining ones are producing at the most minimal level with little local content value.

1.2 STATEMENT OF RESEARCH PROBLEM

Nigeria is the most populous black nation in the world. She is blessed with abundant human and physical resources, yet her attempts to industrialize for the past decades have been an abysmal failure. This study sets out to account for this tragic failure. In a more specific term, the study seeks to investigate the factors, forces and processes which have hindered and continue to hinder the ability of the Nigerian state to initiate, implement and sustain a viable industrial development policy and a strong automobile industry in particular.

1.3 RESEARCH QUESTIONS

The relevant questions to be addressed based on the Research Problem are:

(i) To what extent has the state contributed to the success and failure of industrialization in the developing countries and Nigeria in particular?

(ii) Are there other factors other than the state that propel or obstruct the industrial development process in Nigeria?

(iii) What has been the role of the domestic or National Bourgeoisie in the industrial development efforts of Nigeria?

iv) Is there any need to develop a Nigerian own made automobile technology when Nigeria can easily copy from other developing countries at cheaper expense?

(v) What lessons can Nigeria learn from the rapid automobile industrial achievements of other developing countries.

1.4 OBJECTIVES OF THE RESEARCH

The objectives of the study are to:

(i) Determine the extent to which the nature and character of the Nigerian state has contributed to the low pace of industrialization in Nigeria.

(ii) Identify the limitations of past and contemporary industrial development policies in Nigeria.

iii) Assess the role the domestic bourgeoisie and the military have played in the industrial development process of Nigeria.

(iv) Provide a paradigm for industrial development co-operation amongst countries of the south where countries like Nigeria can learn technological techniques from countries like South Korea.

(v) Ascertain what lessons Nigerian can learn from the automobile Industrial achievements of other developing countries.

1.5 PROPOSITIONS

The major propositions in this study are that:

(i) There is a strong relationship between the nature and character of the state and the way and manner industrial policies are conceived and implemented.

(ii) Other factors like culture, environment, geographical location other than the character of the state sometimes influence the pace of industrialization of a society.

(iii) The level and rate of industrial attainment in a state and the Nigeria automobile industry in particular has been determined by the material interest of the dominant political and economic class.

iii) Patriotic/nationalistic dominant class in Nigeria can relate and co-operate with other developing countries that have developed and perfected auto-technology to assist Nigeria develop its auto industry at a faster and cheaper rate.

1.6 SIGNIFICANCE OF THE STUDY

This study which has looked at the Nigerian state and its efforts at industrialization, particularly the automobile industry, is of much significance for many reasons, First, the Marxist materialistic conception of the state opens up a better understanding of what is responsible for the failure of industrial initiated policies in Nigeria. The role of the state, it is clear right from history, has been to protect and promote the interest of imperialism. It is therefore not an act of omission that the colonial and post colonial state industrial policies have benefitted foreign capital than develop the national economy.

Secondly, the approach with emphasis on class and class struggle expose the centrality of class consciousness as a major force in innovations in capitalist societies. It informs us that for the capitalist to stay on top and continue to exploit, he strives for higher levels of innovation hence higher forms of technology and industrialization. The relevance of this has been that the nature of the class consciousness of the bourgeoisie in developing countries has been responsible for the varying levels of development in these

countries. This is because it is the local bourgeois and the character of the other sub-classes like the military, bureaucratic elite that has been responsible for policy direction all these while.

Thirdly, we have come to see through the approach that development in a state is about constant interaction between the structures. Thus, the need to establish a strong co-operation between the state, industry and research development. Here, the state has been completely exposed as the major engineer of growth and development of a country. This is because industry has to have trained and developed manpower and also a conducive environment to operate on. In playing this role, the state therefore helps to provide manpower for industrialization, hormonal industrialization in general and social development, build a solid relationship between research and practical achievements (UN, 1973).

Fourthly, we are equipped with the Korean example how imperialism sets out to capture territories and coopt their (former colony's) development efforts to the interest of capitalism at the centre yet some developing countries have carved out a history of productive dependent capitalism no matter their limitations and the nature of their industrial success. Based on this we are placed in a position to make analysis on how the nature and quality of leadership in Nigeria can influence and help direct a future for Nigeria's industrialization and the automobile industry in particular.

Again, this study hopes to make some contributions on what kind of relationship developing countries will should have that will benefit their mutual economic interests.

This will make countries of the north to reappraise their former relationship with the south. This when enforce might usher in a true New political and economic international order.

Finally, it is clear that economic development generally and industrial development in particular are closely linked. Thus, the data gathered in this work from motor and allied industries, employees in the auto and allied industries, the private concerns in the auto and allied industry point generally to the general level of economic and social conditions in the country. But most important on this is that it represents a major intellectual incursion in the auto-industry. More policy planners, auto engineers private concerns in the auto-industry are here challenged. Thus the new intellectual horizon opened here is that a successful auto industrial policy in the country must adopt a wider analytical frame that looks at issues both in scientific and social science ramifications. This approach will usher in a more solid and sustained auto-industry.

1.7 RESEARCH METHODOLOGY; TYPES AND SOURCES OF DATA GATHERING AND ANALYSIS

Primary and secondary sources of data were used to gather data in order to ascertain the major problems of the Nigerian Auto industry. The data on state and functioning of auto and allied industries came from primary sources which have been grouped into categories first, there was the physical inspection and observation of the state of Auto and allied companies, where verbal interviews and a set of interview questions were administered and written response received (Appendix III and IV). Here all together sixteen companies were visited spread as follows, Kaduna (2), Bauchi (1) Ibadan (1)

Oshogbo (1), Nnewi (3), Aba (2), Enugu (1), Ajaokuta (1), and Lagos (3). This was basically to ascertain the state and level of production and what is responsible for that condition.

Secondly, a survey methods using a set of questionnaire was designed to extract information from employees in major auto and Allied industries. This was to find out from those directly involved particularly workers in these factories their perceptions and views about what is or has been the problem of these industries. This was just restricted to the Three Assembly plans in Kaduna (PAN) Bauchi (Steyr) and Enugu (MB-ANAMCO) and the two major allied companies at Ajaokuta (Iron and Steel company) and Oshogbo (Machine Tool).

Materials on the colonial Nigerian state, the neo-colonial Nigerian state and Korean industrialization generally were obtained from secondary sources which include books, journals, newspapers, monographs, annual government reports, gazettes, periodic publications, company brochures and etc. These were obtained in Ahmadu Bello University Main Library (Kashim Ibrahim Library), the British council Library, Kaduna, Nigerian Raw Materials Research and Development council, Abuja, National automotive council Abuja, Centre for Automotive Design and development, Zaria, Commercial Attache's office Embassy of the Republic of Korea Lagos, and rubber Research Institute, Benin.

The field work was undertaken in December 1998 (Oshogbo, Ibadan, Lagos), February to March 1999 (Kano, Bauchi and Abuja) and April 1999 (Ajaokuta, Enugu, Nnewi, Aba, Benin and Lagos). The establishments visited are listed as follows:

(i) Centre for Automotive Design and Development workshop, Zaria, Nigeria.

(ii) Peugeot Automobile of Nigeria (PAN), Kaduna.

iii) Volkswagen of Nigeria, Lagos.

iv) Anambra Motor Manufacturing Company (ANAMCO), Emene, Enugu.

v) Steyr Nigeria Limited, Bauchi.

vi) Nigerian Truck Manufacturers (NTM) Kano

vii) ISO Glass Manufacturing Company, Ibadan.

viii) Rubber Institute, Benin.

ix) National Automobile council, Abuja, Nigeria.

x) IBETO Motors, Nnewi.

xi) OCEFILTER Manufacturing Industry, Nnewi.

xii) URU Industry Limited, Nnewi.

xiii) NOCELG Fibre glass Limited, Aba.

xiv) Chieme Motors Nigeria Limited, Aba

xv) DAEWOO Motors, Lagos.

xvi) Hyunndai corporations, Lagos.

Responses from the interview questions were collated and analyzed manually as the questions flowed. The responses from the questionnaires and the interview questions have been presented and analyzed in statistical forms and tables, Quantitative and qualitative evaluations through frequency distribution tables and systematic content analysis were also adopted in order to examine the rate, level of the productive capacities and performance of the industries visited.

1.8 SCOPE OF THE STUDY

This work focuses on the industrial strengths and capabilities of the Nigerian state. The major issue at stake is the development of the automobile industry and why attempts at its transformation have been slow and disappointing. The period covered by the study has been from mainly early 1970s (mainly from the inception of the second development plan) to first half of the year 1999.

There has also been a wide attempt to critically delve into the different developmental strategies the countries in the developing world, in particular Nigeria and South Korea have adopted towards this task of industrialization in general and with specific focus on the automobile industry. However, for a proper exposition of the concrete issues at state, the research has delved into the historicity of development process of the Nigeria and Korean states since colonial rule.

There has also been an attempt to trace the role of international capital, as championed by Britain in establishing a colonial state and a colonial appendage industrial complex, and the role of the Nigerian bourgeoisie as a nurtured child from the colonialists and their role in managing the post colonial state and its industrial development strategies. Contemporary political and Economic Crisis in Nigeria was analyzed with a view to seeing how these have affected the slow take-off or non-take-off of the Nigerian own vision and version of the Automobile technology. The central role of military in this de-industrialization has been critically examined. Again, the major Auto-Assembly and Allied Industries, and Private initiative in the Auto Industry in the Nigerian Economy were focused on interms of their production capacities and viabilities. Finally, focus was made

on the South Korean State to see how and why faced with almost same conditions with Nigeria it has moved so fast and far.

1.9 LIMITATIONS OF THE STUDY

However in the course of the work several obvious difficulties came up which actually have implications on the conclusions that have been drawn. First there was the general unwillingness to release official records by the major Auto and allied industries. A particular example here was information on financial transactions in terms of how much is released from government, how much is spent on personal emoluments and how much is actually plunged into industrial investment. This limited the perspective on summing what extent the company leadership is able to manage and generate resources.

Secondly, the response to the questionnaire was very poor. There was a general policing attitude on the side of the management to caution people on answering the questionnaire. Most people approached simply turned down the request. There was therefore the strategy to give questionnaires to and have interviews with those who were either officially permitted or willing to answer. Moreso, others collected but refused to return them. This thus no doubt has some effects on the findings in the sense that sample population was relatively small.

Finally, the absence of a major research grant even from the University created a problem of limited resources. This made it difficult to bring in more issues, most importantly the inability to travel to south Korea to hold interviews with industrialists, government officials and agencies, industrial workers etc limited the whole analysis on

Korean industrialization. Again, the inability to visit Korea and have a physical contact with Government officials, private concerns in Auto-Industries and Auto-Industrial workers leaves us only with information from books and Korean Companies in Nigeria. This has failed to give detailed insight into the problems encountered by the Korean Auto Industry in its early stages of struggle and how the state and private concerns were able to overcome them.

The implication of these draw backs on the data analysis, findings and Recommendations is that it becomes difficult to be or precise on what exactly is and what exactly is needed to achieve what. The absence of company's financial details restricts us as to how much was given or how much was used for production, personal emoluments or general overhead cost (Administration and Management cost).

Despite all these limitations, the various methods used in gathering data and the sources they came from displays a high level the research went. These are enough basis upon which the analyses and conclusions made are valid in addressing Nigerian industrial problems and those of the automobile industry in particular.

1.10 ORGANIZATION OF THE WORK

This work has been arranged into Eight Chapters. Chapter One is the introductory part. It contains the introduction, statement of problem, Research Questions, research objectives, propositions, significance of the study, research methodology, scope of the study and limitations of the study. Chapter two is the theoretical framework. Chapter three is a critical review of relevant literature. Chapter four looks at the state and

autocentric development in South Korea. While Chapter five simply looks at the strategies that have made the South Korean achievements possible. Chapter six focusses on the raw material potentials of the country and their level of utilization. Chapter Seven is an exhaustive assessment of the Nigerian Automobile industry. Chapter eight contains the summary, conclusion and recommendations and bibliography.

CHAPTER TWO

2.0 MATERIALISM, THE STATE AND INDUSTRIAL DEVELOPMENT: A THEORETICAL CONSIDERATION

2.1 INTRODUCTION

Industrialization is generally more about the transformation of man's material environment through technical know how. Thus a study which attempts to look at its historical development in general and in particular states must also seek to adopt a framework which will help to explain the issues objectively and concretely. This will enhance a proper examination of the relationship which develop in a system or interactions which give rise to this. Central here is the dominant role of the state in the interactive process in material production (Ohwona 1991). It is on this premise that this chapter adopts the Marxist materialist conception of history and society and apply's it to the modern state so as to bring up contextual issues on how the state conceives, and promotes and sustains industrial productive activities. But before a focus on this is made, it is proper to look at the liberal or bourgeois conception of the state which is the earlier school to look at the state and its activities.

2.2 LIBERALISM, THE STATE AND INDUSTRIALIZATION

The liberal or bourgeois perspective of the state has been exhaustively presented in by Weber (1964), Talcott Parson (1966), Adam Smith (1976) and John Keynes (1936). Here the state is identified as a regime or system of regulation (law) a supreme authority

which gives orders to all and receives orders from none and above all a sovereign power. The justification of this power was premised on the grounds that a secured social order, provided a technique of peaceful change and it enables demand to be satisfied on the widest possible scale (Laski, 1975:iii).

The theory developed as a reaction on government control of economic activity, for Government control over the economy was a prominent feature in the Mercantalist era. This was so because mercantilism sought to make England the most powerful country in Europe and this no doubt required a lot of government regulation of the economy. Thus even before Adam Smith wrote, there was the idea of liberalism manifesting as the right to rebel against government with its strict control even on the personal life of industrialist.

Adam Smith (1976) was the first to describe and analyze the nature and concept of this state. The liberal conception of the state as seen both by Adam Smith and David Ricardo was the existence of a state which promotes industrial and private ownership of the means of production, and also encourage lack of development a free flow relation between states based on comparative production capacity advantage.

Adam Smith (1976) in particular presented a comprehensive and at the same time co-ordinated, fashion the nature of economic process in a predominantly "individualistic" or competitive or market or capitalist society. The approach criticized existing society and government and argued that the state must enforce the rules to enable technological and economic process to go on. But the state does not interfere in economic matters. There should be free enterprise, free trade, no interference of government in the individuals

choice of occupation, residence/and investment freedom for the individual to make his economic decision - "liberalism or laissez - faire (Blaugh, 1950).

However events in the capitalist crisis brought up a twist in the liberalism thesis on the state. This came in with John Keynes (1936) concept of the state getting involved in economic activity in order to boost Massive industrialization and Economic transformation. He argued that consumption, investment, government purchases and net exports must strictly be planned and directed by the state. For this to succeed he emphasized that there must be in existence the presence and the state support for strong private sector and a well developed financial sector (Dolar 1980).

One of the major achievements of the liberal theorists of the state was the introduction of the central thesis of the role and powers of the state in economic transformation. Having realize the centrality of economic development particularly industrialization, they wrote to buttress how the state can foster and consolidate this vital component and functions of the state.

Secondly, their adoption of the abstract thesis in analysis also demands commendation. This is because society is too complex to be grasped as a totality, an integrated whole in single step. Thus it is always important to isolate the simplest and most fundamental social relations and build upon an abstract representation of how they work and put together. Concepts develop in this way can be used to construct an analysis of the real (or concrete) world (Brewers 1980:11)

Again, the major propounders Adam Smith and David Ricardo were from England and the fact that Britain was the first country to industrialize show that the state system, the theory propounded and which became in practice influenced industrial transformation.

Another issue is that it became clear that free-trade never really was beneficial to Britain after the second world war. Rather it only thrived on negotiation by the state. Also the reality that emerged was the social requirements as industrialization progressed. These made state intervention necessary; in fact, the success of Britain industry and commence became obvious when government intervened in education, labour deployment and production to enhance expertise, sewage demands etc. Thus, the need for proper planning particularly in the post world war era made government involvement a force to promote economic and industrial growth. The result of this was investment incentives, industrial training, economic development committees, export services etc (Dell, 1973).

However, a major weakness of the liberal conceptualization of the state in terms of helping us understand de-industrialization in Nigeria is the generalization of concept. They created the impression as if history would be constant. Based on this, they went ahead to apply concepts appropriate to analysis capitalist economies of their time to all history, thus failing to recognize the historical specificity of capitalism (Brewer 1980:11).

Again, it is clear that the expansion of capitalism did not create a world or class after its image. Its requirements for labour commodities and marginally markets were met by the development and establishment of non-capitalist forms of production, scope, slave, convict, indenture and also peasants were maintained by new forms of concern and legitimization, as well as by the transformation of indigenous institutions to serve colonial

purposes (Williams, 1976). The colonial and post colonial state built on this never provided a basis for a sustained and well directed indigenous development. And clearly its import substitution strategies, technology transfer etc tended to be more like causes of underdevelopment of these areas than solution to development problems (Frank, 1975). The idea of wealth of states and natures in particular depends on the expansion of the market to all nations and the incorporation of all people into the international division of labour, regulated by market competition rather than by state monopolies, but its character of industrialization and protectionism of national economies as shown in the case of Japan and Germany and moreso, that the USA continue to demand an open door from Asian and Latin American markets etc, exposed its clearly destructive character. It is also clear that there was enforcement by colonialism of the destruction of local industries and the usage of political and economic power to discourage or prevent the development of local competition to manufactured imports (Williams, 1976, Fieldhouse 1973).

It can therefore be summed that the liberal conception of the state encouraged and enthroned a state system which prompted and enhanced the subjugation and subordination of smaller states, in fact, its main thesis was to encourage colonial rule so as to maintain a steady flow of raw materials to feed British industries. Thus, it could not produce in Nigeria a sound financial sector, an independent bourgeois and a nationalistic state system which will co-ordinate and direct industrial take off in Nigeria. Moreso it has been stated that it took nearly three hundred years for the idea of the liberal state to grow to a mature expression, its supremacy lasted for less than a century. Infact the challenge to the liberal doctrine is a clearly a decisive one (Laski, 1975 iii).

2.3 MARXIST HISTORICAL MATERIALIST CONCEPTION OF THE STATE

The classical Marxist theories of the state are, from Marx's (1887) Das capital volume I and later in the communist manifests (Marx and Engels, 1975) which he jointly wrote with Frederick Engels later on Lenin (1984) developed the thesis in his work the state and the revolution. A must exhaustive presentation of the Marxist perspective on the issue has been by Raph Miliband (1970).

Central to the Marxist historical materialist conception of the state is the adoption of the position that the state is an instrument of the Ruling class. Infact all radical analysis of the state started with the premise of Marx and Engels (1975:486).

"The Executive of the modern state is but a committee for managing the affairs of the whole bourgeoisie"

The point here is that the ruling class in any capitalist system is the class that owns the means of production and uses its economic power as its instrument for the domination of society. The state here encompasses the executive bureaucratic, legislative judicial coercive organs; trade unions and party machineries. All these are designed to promote and protect national security in order to create the conducive atmosphere for capital accumulation and maintain social control (Miliband, 1970; Sanusi 1987:2).

However, a proper understanding of this approach must first look at the key concepts of historical and Dialectical materialism.

2.3.2 HISTORICAL MATERIALISM

The materialist conception of history was put forward by Karl Marx and Frederick Engels. According to the approach, the structure of society and its historical development are determined by the material condition of life or the mode of production of the material means of existence. For whatever, we may be, we are physical organism, with certain needs whose fulfillment is a precondition of any life at all (Graham, 1992:10). In fact:

> Life involves before everything else eating and drinking, a habitation, clothing and many other things. The first historical act is thus the production of the means to satisfy these needs, the production of material life itself (Marx and Engels, 1932:39).

Primarily in this analysis is the whole Question of matter seen simply as everything that surrounds us, that exist, outside our consciousness, that does not depend on our consciousness and that is or may be reflected directly or indirectly in consciousness. The concept matter is therefore about objective reality: the cause, foundation, content and substance of all diversity of the world. It is indeed the substratum, that is to say the vehicle, the bearer of all properties and relations of everything that exist (Spirkin, 1983:66).

Matter manifest itself in numerable properties. The most important are objective existence, structure, indestructibility, motion, space, time, reflection and information. This therefore means that matter as it is has a universal and a transit property base (Spirkin, 1983:66).

with what was/is obviously or implicitly super natural, metaphysical, or speculative. Based on this, Marx and Engels (1932:16) regarded industry and commerce as material by contrast to religion and morals. The Marxist materialist conception of history is intended to be a naturalistic, empirical, scientific account and explanation of historical event which takes industrial and Economic factors as primary.

Materialism means explaining what takes place in material world from the material world itself. The materialist approach to explaining society's development means investigating those processes themselves in order to discover their laws of operation. Here, Marx stressed the two aspects of social production which are inextricably connected with each other: The production forces and the relations of production. The productive forces include the means of production and men with a definite store of production experience and labour skill who set up these means of production in motion. Men are therefore identified as the basic elements of society's productive forces (Rumyanster, 1978:15).

Marxist political economy starts from a primary position that human vital activities are objectively based on social material production, which includes man's interaction with nature and the whole range of relations which arise in the process. man's interaction with nature here is basically about the process of labour which always run in a definite social form. This then requires, human labour, the object of labour and the instruments of labour. Thus, human activity turns to be centered on men modifying natural objects and adopting them to their needs. And as they make the things they need, men come to know

the laws of nature and in accordance with these advance in the use of its resources and potentials (Rumyanster, 1978).

The substance of nature on which man acts in the process of labour is known as the objects of labour. When this has been acted upon by human labour but it is further processed, it is known as raw materials. The things man uses to act on the object of labour are known as instruments of labour. Crucial among these are the instruments of labour, whose mechanical physical and chemical properties are used by men in accordance with their purposes. The instruments of labour and the objects of labour constitute the means of production (Rumyanster, 1978).

In effect, the central figure in productive life is man himself. Man adopts the objects of labour to satisfy his needs; in other words, he creates material values, food, cloths, dwellings and other objects of personal consumption etc (Rumyanster, 1978).

Materialist conception of history is therefore the general theory of the motive forces and laws of social changed, developed on the basis of Marx's discoveries. It was arrived at by apply the materialist world outlook of the solution of social problems.

2.3.3 DIALECTICAL MATERIALISM

Dialectical materialism on the other hand as a method of Marxist political economy analysis also takes the materialist approach to economic processes. It analyses the interconnection and interrelation in development from the lower forms to the higher. It is used to analyze economic phenomena at every stage in the development of social production (Rumyanster, 1978).

Dialectics is simply logical reasoning in an argumentative manner where deductions are made from (Boyer 1978:81). This is because, material productive life is constantly in motion in a contradictory sphere. Marxist-Leninist Dialectical materialism simply studies the laws governing the development of nature, society and human thought. A deep study into production relations also makes use of more concrete methods, such analysis as synthesis, induction and deduction, the unity of the historical and logical, and qualitative and quantitative approaches (Volkov, 1985:276).

Dialectics as a methodology was based on the reality that analyzing social life is a complex process hence the need to study human life and find a central link. This process necessitates series of abstractions and the formation and development of concepts, laws (Lenin, 1963:182).

Therefore, Dialectical materialism as a method and principle was used to make this possible. This explains the fact that the Economic life of the society is the objective reality which is independent of human will and consciousness. Here modes of production of every historical epoch were therefore the basis for abstractness. A mode of production, in the abstract, is a simple, basic structure of social relations that is the starting point for the analysis of a particular stage of history. Each mode of production (except the simplest mode the primitive communal, and the highest, the future communist mode) defines a pair of opposed classes, a class of producers and a non-producing class that exploits them. The relationship between the two is the central, defining feature of the mode of production (Brewer, 1980:11).

The process of Dialectical materialist analysis starts that thoughts runs from the visible, from the concrete to the abstract, separating the phenomenon being analyzed into its component parts and aspects. In the process of synthesis, the phenomenon is analyzed in the light of the interconnection of its constituents, as a unity and in the movement of contradictions, which reveals the ways and forms of their resolution. A good example of this is the capitalist mode which Marx studied in detail. This approach shows that:

> The analysis of the capitalist economy, for instance makes it possible to bring out its essential elements: capitalist property in the means of production, and wage labour. Each of these is the first considered separately (the substance of capitalist property the chief interest of capital, etc, on the one hand, and the nature of wage labour, the chief Economic interest of the working class etc, on the other hand). They are then studied in interaction with each other (the antagonistic relation of exploitation of wage labour by capital, the definitive importance of social nature of production, and the epochal role of the working class in the over throw of capitalism). This is followed by an analysis of the resolution of the contradictions of capitalism by the proletariat revolution, which changes the nature of the social production and establishes socialist social production (Rumyanstev, 1978:125).

Marxist historical and Dialectical materialist analyses state that the economy (base) of the society is fundamental to all social and political activities of the society (super structure). In other words, the social structure of the a society is determine by the relations of production. Marxist Theory does not consider the political structure of the society because it is part of the super-structure, but it does study the political structure to the extent to which it exerts an influence on the economy. The state the main form of the

society because it is part of the super-structure, but it does study the political structure to the extent to which it exerts an influence on the economy. The state the main form of the superstructure is here considered important because of its position as an economic force (Marx, 1887, Marx and Engels, 1975; Rumyanster, 1978).

In other words, though Marxist theory of the state states that the economy determine the nature and features of a state, the theory also accepts that the state can have influence and to an extent determines the direction of the economy. Thus, class relations to a large extent have historically been responsible from the transition from one mode of production to the other.

Historically Marx argued that the various modes of production were successive stages of human society. Each had its own structure and was able to reproduce itself, that is to maintain both the forces of production (by replacing used up means of production, etc), and the means of production (by perpetuating the subordination of one class to another). The mechanism of reproduction differ of course between different modes. The stability of each mode, however, was only relative, each generated development of the forces, of production and, in the process, brought about changes in its own functioning that led to the end or a break down of the existing structure and its replacement by the next in the sequence (Brewer 1980:12) Infact Marx, emphasized that (Marx, 1976:3-4):

> At a certain stage in their development, the material productive forces of society come into conflict with the existing relations of production..... from forms of development of productive forces these relations turn into their fetters. At that point an era of social revolution

> begins.... in broad outline, the Asian Ancient, feudal and modern bourgeois (capitalist) modes of production may be designated as progressive epochs of the socio-economic order.

An appreciation of the materialist conception of the state and dependent capitalist development must acknowledge that focus here was on the nature and dimension capitalist development (The highest level of development of productive forces) will take when taken outside Europe. This is because, Marx himself believed it will help transform pre-capitalist forms of production hence invariably be of beneficial course. But it is identified and appreciated that there is profound hypocrisy and inherent barbarism in bourgeois civilization, colonization for instance shows the mercenary interests of the British ruling class e.g. in India (Marx and Engels 1959:9).

2.3.4 CLASS STRUGGLE AND INDUSTRIAL TRANSFORMATION

The Marxist perspective on the state looks at classes and class struggle as a major component of industrial innovation. Marx's theory of classes represented an analysis of the industrial society of his time interms of the interaction of its economic and social organization, their particular form, and the forces driving society as a changing entity. What he saw in capitalist society however, bore the Marks of past conditions and demanded accordingly a historical perspective. The major process underlying the unfolding of human history was what he termed class struggle accompanying the very basis for existence. According to Marx (1976:3):

> In the social production of their existence, men enter into definite, necessary relations, which are independent of their

> will, namely relations of production corresponding to a definite stage of development of their material forces of production. The totality of these relations of production constitutes the economic structure of society, the real foundation on which there arises a legal and political super structure and to which there correspond definite forms of social consciousness. The mode of production of material life conditions the political and intellectual life-process in general.

The argument here is that it was the class structure of early capitalism and the struggle in this form of society, which constituted the main reference point for the Marxist theory of history, subsequently the idea of class conflict as the force of history was extended and the communist manifesto asserted in the famous phrase that:

> The history of all hitherto existing society is the history of class struggle but at the same time Marx and Engels recognized that class was a uniquely prominent feature of capitalist societies..... that class itself is a product of bourgeoisie and they did not undertake any substantial analysis of the principal classes and class relations in other forms of society (Bottomoo, et. al., 1983).

It is from this that simplistic attempts at defining what class is has been made. Joseph Lopreato and others (1972:19) have said:

> A class is a group of people holding a common relationship to the means of production, to political power structure and to the ideas of the time, a relationship which necessarily brings it into conflict with some other group having divergent ideas and different interest with respect to the economic and political structure.

Lenin developing Marx's teachings on classes defines it as:

> large groups of people deferring from each other by the place they occupy in a historically determined system of social production, by their selection (in most cases fixed and formulated in law) to the means of production, by their role

> in the social organization of labour and consequently by the dimension of the share of social wealth of which they dispose and the mode of acquiring it. Classes are groups of people one of which can appropriate the labour of another owing to the different places they occupy in a definite system of social economy (Lenin, 1977:142)

From the definition, it is clear that the material requirements and interest of the mass of the people, of classes and nations are the principal social causes behind the demand of the objective laws of history requirement and interest are shaped by the obtaining level of development of society and the existing system of social relations. Men's cordial interests reflect the character of economic relations. Material interest are the form in which economic relations express themselves (Berbenkina, et al 1985:217).

Having come to terms with the fact that classes or class analysis involve a process trying to study society and its operations based on the manner which people relate in the process of production, Engels saw the driving force of modern history as "the fight of classes and ....the conflict of interests " (Marx, and Engels, vol.3:368). The historical changes from one type of society e.g. communal slave feudal and capitalism are brought about by class struggle and by the victory of one class over others. Class conflict itself reflects the incompatibility between different modes of production and the victory of a particular class, as well as its subsequent reorganization of society, is conditioned upon the emergence of a new superior mode of production, which it is the interest of this class to establish as dominant (Bottomore, 1965:17). The basic attribute of each mode is that of the appropriation of the wealth of the society by a few individuals as private property. This alleged fact kept classes constantly in a state of covert, and often overt conflict with

each other. Such antagonism, according to Marx, was becoming increasingly evident in modern industrial society which was more and more splitting into two great hostile camps namely the modern capitalist or bourgeoisie and proletariat, the capitalist owners of means of social production and employers of wage labour and wage labourers who having no means of production are reduced to selling their labour power in order to live (Marx and Engels, 1848)

One major feature of class and class struggle in assessing industrial transformation is the class consciousness thesis. The argument is that (Marx and Engels, 1848):

> Class consciousness consists infact of the appropriate and rational reactions imputed to a particular typical position in the process of production.

The point is that conscious of its role to champion industrialization, the bourgeois class in advance capitalist countries continued to invest in innovative scientific oriented ventures to bring industrialization to where it is. In today's industrial globalized information network, this group must be praised for having successfully completed what it set to achieve.

The conscious transformation of the bourgeoisie in Europe from mere owners of enterprises under one monopoly capitalism to a collective property capitalist group in the 20th century no doubt laid the foundation for the mergers of Banks and industrial capital which invariably resulted in the establishment of solid finance capital in advance capitalist settings. However, the result is that in most of these countries, it is always just one percent of families which hold 80% of the stock. This financial oligarchy therefore plays a dominating role in the economy. Its prominence is enhanced by the transformation of

monopoly capitalism into State-Monopoly Capitalism. This oligarchy has vast opportunities to influence the government machinery and to impose its will on the political and intellectual life of the society (Yermakora and Ratnikov, 1986:63-64).

2.4 CLASS STRUCTURE AND INDUSTRIALIZATION IN THE DEVELOPING COUNTRIES

Fundamental to class analysis of developing or third world countries is the capitalist system that was forced on the economies of third world countries with its petty commodity activities structurally and historically at various levels of authority as capitalism penetrated the country side. This structures force the peasantry into National Economies and dominant interest groups, alienating the peasants. It is evident that the future of all developing countries include the comparatively low level of development of productivity force multi-structural economies which have a great mark of practical and small-scale commodity structure and the incompleteness of socio-economic transformations (Herimokova and Patnikov, 1986.76).

But it is not only that class analysis for understanding the present condition of the African continent or third world countries is crucial but that development strategies themselves have an essential class content. For the perpetuation of underdevelopment the distinctive form of capitalism experienced by these countries is that it was subjected to domination by foreign capital which on the other hand requires the presence of domestic

classes whose interest converge with those of foreign capital and will enforce their political dominance. Government structures and policies accordingly reflect the interests of other groups to their own. In Africa in particular this ruling class using state protection entrenches itself as an enthusiastic auxiliary of foreign capital (ROAPE No.13, 1975:7). It is however, really impossible to understand the nature and character of the state in dependent capitalist state without first and foremost, understanding the process of capitalist penetration and subsequent incorporation of these economics. This is such that indigenous industrial development was blocked in the under developed country. Policies to promote industrial development rather actually helped foreign firms and capitalist structure to integrate into local structures and institutions in these countries. The result of this was inexplicit industrial development policies, distorted pattern of peasant production and the appropriation of surplus from the rural sector (Beckman, 1975, Amale, 1985). Peter Evans (1989) has stated that the only way we can understand the state in the developing world is to look at its predatory and developmental roles as exists in these societies. He says we can define a state interms of the ways it affects development:

> Some states may attract such large amount of otherwise in investible surplus and provide so little in the way of "collective goods" in return that they do indeed impede economic transformation. It seems reasonable to call these states "predatory" (Evans, 1989:62).

Here Zaire under long years of Mobutu is considered a classic example. Here, those who control the state apparatus seem to plunder without any more regard for the welfare of the citizenry than a predator has for the welfare of the prey.

Other states however, are able to foster long term entrepreneurial perspectives among private elites by increasing incentives to engage in transformative investments and covering the risk involved in such investment. They may not be immune to "rent seeking" or to using some of the social surplus for the ends of incumbent and their friends rather than those of citizenry as a whole but on the balance, the consequences of their actions promote rather than impede transformation. They are legitimately considered "developmental states." The East Asian New Industrial countries (NICs) are considered here as good examples. He cites Brazil as an inter mediates state between the two (Evans, 1989: 563). Nigeria thus fits along with such experiences of Zaire to state the facts correctly.

It is therefore clear that despite the suppression of domestic capitalist interest in the developing countries by the capital from the centre, our analysis has shown that at some level and some states had class attributes which enabled them to attract development in the midst of imperialist interest. However, others like Nigeria willingly remained as auxiliaries for international capital and later operate in a manner more destructive to the local economy.

2.5 THE COLONIAL STATE AND INDUSTRIALIZATION IN NIGERIA

A major issue in the role of the state and industrialization is hinged on the position advanced to account for the emergency of entrepreneurs now in developed industrialization. The success of industrial development of advanced countries is attributed

to the role of the state to transform these societies. On this, the role of the colonial state on whose base industrial development in a place like Nigeria becomes important.

Neo-Marxists like Miliband (1970), Casteels (1976) Lojikine (1974) have elaborated that although the modern state does not normally engage in production of commodities but rather help in promoting capital accumulation by providing social services which no single individual capitalist is willing or even able to supply. Miliband state that:

> Because of the imperative of requirements of modern life, the state must within limits impose on it by the prevailing economic system engage in bastard forms of and assumed responsibility for many functions and service which are beyond the scope and capabilities of capitalist interest. As it does so, however.... The baseness of the system ensures that these interests will automatically benefit from state intervention (Miliband, 1970:72).

Hence it is obvious that state intervention in Economic life is basically geared to help capitalist enterprise. It can then be seen that generally, the minimum role of the state sector in any economy is to provide centrally important infrastructure to regulate its functioning with stability in view, and is to sustain the continuous reproduction of goods by guaranteeing and protecting the rights of property owners, of these, the last is the most important and basic purpose of sustaining the system of production relations in a divided and complex society by virtue of which such a society can exist and function as a growing concern (Toyo, 1986). And as we seen in the case of Nigeria:

> .....the state has promoted the development of capitalism, foreign and domestic by shifting resources from more competitive to less competitive producers, from craft to factory production, from rural to urban areas, from the poor

> to the rich, and from Nigerians to foreigners. It has hardly given free reign to the ability of people to produce goods. It promoted the wealth of the nation but only by the impoverishment of the people (Williams 1980:23-4):

However understanding of the role of the colonial state and industrialization in Nigeria must take a historical analysis of the origin of the state in the first place. This state phenomena started formally with the legitimization of the activities of the Royal Niger company which was charged in 1886 as a result of Mergers of smaller British companies after the scramble and partition of Africa at the Berlin conference of 1884/85 (Ekekwe, 1981: 5). Thus Ikime (1977;37) says;-

> Obtaining of a charter meant that the company was not just a trading concern: it had conferred on it certain powers of government and law making, as well as powers to raise and maintain an armed force for the effective pursuit of its trade as well as for the maintenance of law and order. The appearance on the scene of the Royal Niger company was to have momentous consequences....

Hence, it was this Royal Niger Company (RNC), its roads into Northern Nigeria by Conquest or sometime by dubious treaties and the need to protect British Merchant capital interest against competition and attack from German and French that Britain revoked the RNc's charter in 1899. The RNC was then forced to relinquish political and administrative powers conferred by the Charter to Britain and concentrated on Economic activities. And then from January 1, 1900, a formal colonial state came into being (Ekekwe, 1981:26).

Thus, the main trust of the colonial state was to promote foreign trading and mining by British Companies and an introduction of taxes and trade network. Within this realm

therefore, immediately after formal colonial administration was with highly sophisticated repressive apparatus and socialization instruments like the native authorities, the local police, the prisons, marketing boards and the churches and missionary schools respectively (Ake, 1981, Onimode, 1981).

Therefore, based on its own interest, neither did the colonial state nor its firms initiated the transformation from trading to manufacturing. For as has been stated, the pricing policies of the marketing boards delayed the development of industry in Nigeria by limiting the expansion of the market, and the development of indigenous capitalism by denying African traders the opportunity to profit from the post war boom in commodity prices. The surpluses accumulated by marketing boards were sent to Britain rather than invested in Nigeria (Williams, 1980: 35-6, Akeredolu-ale, 1976:20). And Britain rather continued to use Nigeria as a source of raw material, doing little to encourage manufacturing.

It has been pointed out that whatever conception we have on the state of industrial development of the colonial state, the fact must be stated that a background was laid for a good take-off. For instance;

> The development of the colonial economy established the material and institutional foundations for the development of the Neo-colonial political economy. The integration of Nigerian producers into the international exchange economy expanded the market to the point where the international market could sustain the development of capitalist manufacturer given appropriate subsidies and protection by the state. The war-time establishment of the produce marketing Boards established the institutional means for the

> state appropriation of surplus value of peasant production.....Indigenous rulers could use them to finance party political activities, line their pockets, accumulate money capital, and finance industrial development both directly and indirectly. Thus the marketing Boards could be used to finance industrial investment, and establish an indigenous capitalist class (Williams, 1980).

Moreso, it is clear that post war industrialization in Nigeria was championed by foreign firms. Unilever, UAC company turned from produce buying to manufacturing well before there was any nationalist pressure for the transition (Beckman, 1981). The problem of lack of industrialization revealed that the Nigerian local businessmen refused to use their relationship with foreign capital (businessmen) to develop first a strong commercial base and later industrialization and should be blamed more (Turner, 1981).

Closely linked here is the position that economic development and underdevelopment are different sides of the same coin. This is explained in terms of the fact that developed countries were developing industrially at the same time exploiting Africa in their development process. In the Nigerian case, during colonial period, it was possible huge exports values were made but the terms were unfavourable to Nigeria while most of the surplus generated were transferred to Britain through exploitative pricing. Producer incomes associated with these exports values under the marketing Boards system were generally much below the world prices (Onimode, 1982).

However, it has been argued that foreign capital never completely hindered indigenous industrial development. For instance, by the 1950s there was evolving mass requests for establishment of weaving and spinning industries in Northern Nigeria. Indeed the tempo of industrial activity in Kano which rose buy mid 1950s made it possible for

limited facilities for industrial development to be in place. For instance, water, land and electricity etc. show the possibility of emerging industrial prospects whose traits of success have remained till today. Thus, from 1954 onward, the new Bompai industrial area was planned and implemented. Government policy also made distinction between facilities, for manufacturing industries and those essentially for commercial use (Mustapha 1983).

It is also true that this industrialization could not go beyond its import substitution base fostered by the colonial state. Thus, the process of sustaining this within a concrete, consistent and elaborate programme of industrial expansion was lacking and, weak industrial development therefore, failed to be vibrant and strong (Gulpin, 1987).

The point to be made is that capabilities of this state far out way, whatever benefits it seemed to bring, it is clear that:

> The most significant consequences of colonialism on social and economic progress in Nigeria lay in the impact on the production system. It replaced the subsistence economies of pre-colonial societies with a capitalist one motivated and dominated by foreign private capital, and responding to and serving the needs of this external capital rather than the needs of the local population (Nnoli, 1981:97).

Based on the reality of colonial experience in Africa, Rodney (1972:10) explains that the introduction of colonialism destroyed a conscious attempt at industrializing and technological advancing of these societies. Technology to him should be seen as the capacity for putting into practice the understanding people had of laws of nature by making tools to deal with the environments. Indeed it is stated that the colonial state was not interested in industrial development. Though efforts were on for raw materials for

exports, no efforts were made even to develop skills in the agricultural sector. Efforts were directed towards building infrastructure needed to export agriculture and extraction of mineral exports (Ake, 1981:41). Infact it is said that:

> The companies such as Royal Niger company which were given wide range of powers and privileges as well as the obligation to develop them, did not consider that industrialization merited serious attention. The agencies were charged specifically with promoting the industrialization of the colonies such as colonial development advisory committee and the empire Marketing board, appear to have no enthusiasm for the task (Ake, 1981:46).

It is therefore an open issue that the colonial state never laid a serious basis for industrialization in Nigeria for the fact is that even before the advent of colonial rule, Nigerians engaged in the melting of Iron to make tools needed in their day-to-day living. Copper and bronze were instruments employed before the coming of Iron. There was a temporary storage of water by using wells. "Kanga" weapons of war including sword spear, bows and arrows were already developed and used.

The textile industry it is said had even been developed. There were special kin-guild of blacksmiths who had handed down their traditions among members. there was too an advancement in food processing. But all these were destroyed during colonial period by things like taxation which were very high on the items produced. also like forestry preservation denied access to source of fuel and issues like patent rights which prevented the local people from copying (Tenuche, 1995, 37-9).

The rationale for this calculated destruction and the non take off of colonial industrialization, has been explained in the context that;

> The very logic of the colonial system pointed to this. since Britain was in Nigeria partly to seek an outlet for her own manufactured goods in order to stave off underconsumption, falling profit and depression at home, industrial development in Nigeria would obstruct the motive. Hence as a deliberate policy, manufacturing was actively prevented in Nigeria as in other colonies only first stage agricultural processing to reduced the volume and weight of exports like cotton, groundnut and palm oil was allowed, and this was monopolized by British commercial enterprises like John Holt and UAC. such processing consisted of cotton ginning as well as groundnut and palm oil extraction. Consequently by 1962/63 manufacturing and processing accounted for barely 3.6 percent of GDP (Onimode, 1981:83).

2.6 NEO COLONIALISM AND INDUSTRIALIZATION IN NIGERIA

Generally, any contemporary discourse on the state in the post colonial states or developing countries must admit that it is a state in crisis. And in particular to Africa, internally the region has faced wars, hunger, debt burden and total economic crisis more than any region in the world. The hardship united the opposition in the call for more democratic space in the state which are met by violent and repressive response from the state (Jibo, 1994, Ndongko, 1990:4, Husan and Faruqed, 1994). And this crisis is complicated in the sense that the external forces which seem to intervene particularly to help usher in this democratization process and approach propagate conditions and programmes that favour only them (Amin, 1990). Worse is that this democracy so advanced is without reference to the character of the state (Ake, 1993). Thus, even their

concept of development is less useful because of the confusion in the conception of development by the state. Hence Mankwenda (1994:9) observed:

> Development policies are today packed as merchandise and sold in the same way as patents and other goods and services. Even more they pave the way for trade in goods and services and open in markets for certain merchants in as such as they determine the path of development and thus which problem to be resolved, which needs to be satisfied and the manner of satisfying them..... the right to choose the process of development in Africa has indeed not been democratized.

Thus when we look at the standard indices as rates of growth, capacity utilization, import, export performance of African economies particularly industries, what we see is disappointing (Mkandawire, 1988:6). The post colonial period has therefore, been a major disappointment in terms of both the pace and the results. it has been dominated by serious myths, illusions etc. while industrialization has either clearly been missing or too weak (CODESRIA, 82, 1997:12).

The major issues on the state in developing countries has been much in dispute. The theory of the state here has been hinged on the role of the state as in mediating conflicts and contradictions in guaranteeing capital and its role in the accumulation process,. The latter object has led to the reproblematization of the primitive accumulation thesis, the patron-client syndrome, the compared thesis and the relevance of the state as an agency within the context of capital formation or reproduction. All these are because of the disorganized nature the bourgeois class such states.

Most of the discussions on the post colonial state has arisen from the studies of Hamza Alavi on Pakistan, Issa Shivji on Tanzania, John Saul on Uganda and Collin Leys on Kenya etc. they all agree that the state in post colonial society is "overdeveloped", relatively "autonomous" and has an "undetermined character."

The under-determined class character of the post colonial state refers to the complexity and unpredictability of the class character of the state. Hamza Alvai (1979) says the special features of such a state are the role of the military Bureaucratic elite. Their role is important because it breeds a new alignment of respective classes namely the indigenous bourgeoisie, the metropolitan Neo-colonialist Bourgeoisie and the landed class all under the leadership or patronage of the metropolitan bourgeoisie. This alliance of interest allows a bureaucratic military oligarchy to mediate the competing, but no longer contradictory, interest. Thus the state now acquires a relatively autonomous role and is not the instrument of any of the three particular classes.

The relative autonomy status of the post colonial state makes it perform an essentially instrumental role in maintaining a neo-colonial system. Beckman (1975) and Noham (1967) have argued that noticeable in some cases is the role of the state as a vehicle of capitalist development where units seeks support and protect either in competition with foreign capital or more generally in their emancipation from pre-capitalist or other restraints. Here, the state introduces advance forms of production especially manufacturing industry and mechanized agriculture in order to develops the country and obtain economic independence. This is so more when the indigenous bourgeoisie is weak.

In the context of the undetermined class character on the post colonial state, it is said to develop simultaneously as an instrument of mediation and negotiation with external capitalism and at the same time a seeming instrument of containing anti-imperialist and socialist revolution. Nkrumah capitalism he says has its evolution of this basic contradiction (Murray, 1968).

The concept of the "over developed state" according to Collin Leys (Leys, 1980) refers to the state structures inherited from colonialism. The word suggests that the inherited state apparatus is larger, its coercive or administrative powers weigher or more ramified, than they would be if colonial state had not had to subordinate all the classes including these which themselves were dominant classes in pre-capitalist social formation. By inheriting the colonial structures, a powerful bureaucratic military apparatus and mechanism of government which enables it through its routine operations to subordinate the native social forces emerges. The post colonial state therefore, inherited that over developed apparatus of the state and its institutionalized practice through which the operation of the indigenous social classes are regulated and controlled.

In terms of the ability of the state to intervene to assist the domestic class to build a coherent development process, it is argued that the role of the Bureaucracy is crucial. This is because only a modern Bureaucratic state can given proper order to make large scale capitalist enterprises to function. Since it has the ability to support markets and capitalist accumulation (Weber, 1968, white and wade 1984). Thus the specific contributions of the state apparatus in over coming the problems of late industrialization

in Neo-colonial states is therefore necessary. Late industrialization here is confronting problem of techniques with capital requirements in excess of what private markets are capable of amassing. The turn-round is the reliance on the state to mobilize the necessary resources. The point raised is that individuals capitalists are not prepared to take risk and rather, the state is required and thus serve as a surrogate entrepreneur capital is said not to be the thing lacking rather what is responsible for late industrialization is entrepreneurship in the sense of willingness to risk the available surplus by investing in productive activity, (Gercohenkron 1960, Jones and Salcong, 1980). The relevance of this to Nigeria is that:

> First, the "overdeveloped" and "relative autonomy" of the post colonial Nigerian state is seen as a fully developed indigenous dominant class in the Nigerian Society. Second, as a result the post colonial Nigerian state assumed a large interventionalist role in the economy to promote capital accumulation. Third, it is argued that the dominant class in the post colonial society is still the foreign bourgeoisie, colonialism was replaced at independence by neo-colonialism (Mou, 1988:10)

It must be stated that the bourgeois class is said to be fully developed in the sense of it ability to hold economic and political power

In assessing the role of post colonial state in industrial performance, we should look at the country's main goals and objectives in National Development Plans and the supposedly achievements. There is evidence that the post colonial Nigerian state promoted the development of the industrial bourgeois class. For one hand, the state often relieves of overall industrial interests in the area of heavy capital industrial investments such as

steel development, mining, paints glass products, beer, basic chemicals, structural metals sugar confectioneries, paper and paper products. These industries continued to slip back the capacity utilization up till 1985 that average utilization fell to 29.3, Radio television and communication equipments and motor assembly operated at even lower levels. Also, we see that investment goods industries within the sub-sector accounted for just 1.5% of the total value added. This weakness is also aggravated by lack of a strong machine tool industry. This is because the products of machine industry come from various industries including transport equipments fabricated metal, electronics electrical and non-electrical machinery. There is also the problem from the technological dependence arising from the affiliates of Multi National enterprises (MNE) who prefer to rely on their respective parent companies and sister affiliates. This mode of operation help to perpetuate the economic dependency of Nigeria. For instance, only a handful firms care to engage in local R and D. A survey of manufacturing firms activities in 1987 reveals the corporate R and D increased by 20%. This still counts for little, accounting for 3.3% of investment expenditure or 0.5% of total sales.

Thus, it can be seen that what is responsible for this is that neither the political dictators or military have any clear idea of what kind of industrial development they want. That our industrial policies have been about manufacturing not service industries and to some extent about employment not productivity. And hence, we don't make efforts to address our problems and only sit on the fence and blame the British for our predicaments (Sanchi: 1990:12, Nigerian Standard, March 4th).

Also, it can be observed that the failure of industrial projects like petro-chemical and liquid yield natural gas which were export oriented to materialize early was the most important missed industrial opportunity of the decade (Forest, 1993).

This inability to transform the manufacturing sector shows a weak entrepreneur spirit, a negative impact of transfer technology etc. And that those delays in the take off of these industries (petro-chemicals) and the steel project started in 1967 and only ready for commissioning in 1983 points to this lack of concern (1988, NN, 18th March).

It is however, been stated that there was a renewed concern in industrial policy which saw its renewed in 1988 in order to achieve accelerated industrial development. This was to make it; a prime move of the economy, provide greater employment opportunities, improve technological skills, increase local content of industrial output and finally to increase private sector participation (National concord, 16/7/83:7-1-). But this poor performance continued. The reasons are still a repetition, low capacity base, poor infrastructure and high production cast. Here the case of the Nigerian machine tool industry is cited. Because of lack of raw materials. The company has turned into fabricating and re-conditioning industrial spare parts for corporate organizations. Also, the Katsina Steel Rolling Mill with installed capacity of 210,000 tones per annum could only provide 14,911 tones of steel. Value of production was N134,2 million. Sales revenue was N74.4. It therefore cost N45.M extra. The situation is due to lack of raw materials (FMI, 1994).

To sum up, it is proper to insist that the political instability in the country has created problem for National Development. In 39 years of independence Nigeria has had one prime minister/Head of Government, 11 heads of States/Presidents. This implies that Nigeria changes leaders in every 3 years. Infact three of these governments lasted for less than a year. This affects planning because the problem of security of tenure of ministers, Director Generals who are key officers of government affects policy formulation and execution is greatly affected.

Another perspective has been that the Nigerian civil war provided an opportunity for industrial development in Nigeria. During the war, Biafra, even without MNC's assistance, exhibited an adoptive and innovation in oil and weapons industry which flourished impressively, in fact, the high status accorded to scientists and engineers in Biafra was unprecedented. But after the war, all these fettered out (Forest 1995).

2.7 CORRUPTION AND DE-INDUSTRIALIZATION IN POST COLONIAL NIGERIA

One of the major explanations for the inability of the state actors to transform Nigeria industrially has been identified to be corruption. Eme Ekekwe (1985) has put it poignantly thus the corruption of the Nigerian dominant class not only lead to waste, inequality, misplaced priorities, alienation and the subversion of the goals of development, but also makes politics anarchic.

This view is what has been accepted by many scholars (Folala and Ihonvebere, 1985, Joseph 1983, Iyayi 1986, Forest 1983, 1996) etc, and of course, corruption has also been responsible for fall of most of the regimes since independence. Infact, Iyayi in particular says that Nigerian politicians stacked away an estimated staggering sum of over 6 billion in British Banks alone. and that over 11.9 billion Naira were taken out of Nigeria in 1981 to pay for imports, the real value for the actual imports amounted to only 2.97 billion Naira, giving way for a 8.93 million Naira dwindle. Recent revelations of corruption between 1986- June 1999 are good examples. It can therefore be said that the Nigerian bourgeoisie, is mostly this group that went into government, enriched itself through corrupt means and came out (Aliegba, 1994, Ibrahim 1988).

Based on the fact that politics and state control is strictly business and its main concern as perceived by the actors is nothing but an avenue for sharing of pitiful small resources coming to various competing groups and the possession of the machinery of government therefore, guarantees control of the allocation of scarce economic resources including the spoils of office and patronage. The ruling parties then do not often accept open political competition. Similarly, the opposition will not easily tolerate its opponent in office and will do everything to gain power. The competition with ruthlessness creates a vicious circle: oppression by defenders of the status quo is matched by subversion by the opposition group, (Anifowose, 1979:viii).

Based on this, the control of the state and the struggle to capture state becomes a power life-and death issue among the various factions of the emergent bourgeoisie

(O'Connel 1996, Mangvwat, 1989a, Ake, 1985) This also explains why the control of state power itself has been a precautions business resulting in political instability and election crisis. For "leaving office with deep holes in your pocket in Nigeria is a hostile challenge to the Kleptomatical nature of public service in Nigeria" (Tell, 1992, 27, 1: P.5).

It has been further observed that the society in general must be blamed for this state of corruption, and the leadership echelon must accept the lion share of the blame. For a person who served in the public sector for many years without string of possession would be regarded by his community as a failure and a fool, no matter his or her contribution to the larger society. he might even be treated with scorn and disdain (Obasanjo, 1990:17).

Infact, the present perception about the Nigerian situation is that corruption has scuttled all development efforts. The height of this was during the Babangida administration where corruption was celebrated and worshipped to a point that nothing was allowed to work. The outcome was that policies became erratic. The policies and programmes aimed at dealing with socio-economic and political problems seemed increasingly inept and sometimes futile. Infact according to Odekunle (1994:407):

> More fertilizers and Agro-business, less food at affordable prices; more electric stations, less electricity supply; more telephone exchange more phone hitches, more schools and universities, less education; more service taxes, less quality service more policemen with guns and walkie-talkies, more crime, more drug law enforcement officers, more drug traffickers more mosques and churches, less ethnics, more political transitions more political crisis etc.

The persistence and acceptance of this as way of life has meant the elevation and acceptance by Nigeria that morality does not matter in politics. But what is important is that politics deals with human interests and morality and others deal with human behaviour, interaction and relationship. Thus, the two are inseparable if good results are to emanate from political actions. The foundation of effective authority over fellow human beings is his moral and ethical content. and where morality is impaired, authority is defective and ineffective (Obasanjo, 1994:18-20).

The other point in the analysis of corruption in Nigeria, is the persistence of military rule, and the fact that they become enmeshed in the corruption because of their long periods in power warranted an opportunity to develop political institutions (Kwanashie, 1985). The military is thus identified as the problem hence calls for ending of military rule in Nigeria are stressed as first steps towards good governance and prospects for industrialization. But it is also a fact that the military are not people trained in corruption. Military men are human beings and their training and upbringing require and indeed oblige them to be gentlemen in character and behaviour. Thus nothing, should make us accept the bad instincts and exhibitions of some military officers in recent years as peculiar military traits, such are peculiar traits of the individuals concerned.

For the corruption syndrome must be checked or eradicated so that the future prosperity for development can start materializing. For:

> .....if you do not purge yourself, you will not be able to perform adequately. For if you do not atone for it, corruption become depilating and disabling. No society that

> treats public fund and property with utter disregard and cares only for personal accumulation on the principles of 'still and go' can make progress in the closing decade of the 20th century (Obasanjo, 1994:20)

Our analysis of the state in Nigeria has shown that a good political order epitomized by a good, determined and visionary leadership can produce meaningful economic results. However, there is clear lack of solution to the corruption problem in Nigerian as we so far have seen. Even the political Bureau report (MAMSER, 1987) which came close to this, when it identified the strands and magnitude of the economic and political problems, and even prescribed an ideological basis for solving these problems, the report was not just overlooked, but most of its central theses were rejected.

But much has also been done on the problem. Odekunle (1994, op cit) says there is no explanation why various reports and findings about corruptions in Nigeria have not been implemented. Those he list include proceedings of the national seminar undiscipline and corruption and their adverse effect on the Nigeria society and economy (Cabinet Office, 1983): Report of the head of States study group on law and order (1985): proceedings of the national conference on corruption another crimes (Federal Ministry of Justice, 1988); and report of the National committee on Corruption and Economic Crimes and Undiscipline. The inability of the leadership to address the problem it is seriously observed to be the major problem of development process in Nigeria.

Therefore, how can the Nigerian state get out of this mess so that the massive resources available in the country can be put into. Much of the blame is put on the

military which has ruled for too long, but have been unable to usher in any development but also refusing to leave the political scene, for it is clear that:

> ..... the real politicians in Nigeria since independence in 1960, have been the military. they therefore, and not the civilians should and are rightly to blame for the woes of our nation..... even the brief period the civilians have tried their hands on the political administration of Nigeria they carried on like the military. Obviously, the long period of military rule has affected the psyche of their civilian counter parts (Vanguard, 1998:9).

But while we blame the military for staying long without bringing any meaningful development, other countries in the developing world like South Korea, Malaysia, Indonesia, etc, got transformed industrially under terribly harsh and brutal military dictatorship, so what went or is wrong with the Nigerian military in Government? This we seek to address in the next section.

2.8.1 THE MILITARY POLITICS AND INDUSTRIALIZATION IN THE NIGERIAN STATE

The question of looking at the role of the military in the development activities of the state stems from the background that the military mostly in the developing world opted to abandoned its traditional role of protecting the territorial integrity of its country i.e. protecting the civil society while combating external aggression. Rather they have veered into partisan politics by becoming a political group that have wielded power longer than the political group. Hence, any discussion on development activities of or within a state that avoids analyzing the role of the military will definitely bring faulty results. The

military has become synonymous with governance today. This situation occurs in various guises and circumstances e.g. when standing military establishments become preponderant in state affairs like the Zulu and Ankole kingdoms in Africa: i.e. when the military exercises extensive control over social life enjoys economic favours and privileges and secures priority attention for its needs over and above the mode of the whole society; in where the state propagate military ideals as was the case in the Welmer Republic in Germany and in Mengistu's Ethiopia or when the state, even though it is civil, adopts military demenous and postures and emphasizes regular toils, ceremonies, adulatious and other trappings of militarism:

(i) when the military overthrows a government and assumes responsibility of government;

(ii) when the military influence the political process such as elections or election campaigns (Onegbu and Nwosu 1986:041-2)

The history of the military involvement in the affairs of a state is as old as history. The history of Rome perhaps established the earliest recorded account of organized intervention and domination of political affairs by the military. The success of Roman Empire is attributed more to the military efficiency with which the Rome are administered the empire (Rerlmufor 1969).

Infact, Franca's Spain and Salogar's portugal were all 20th century, examples of military or militarized states as they champion openly development myths of the nation which replaced concepts of the will of God and provide for the control of many state

affairs by the officers class. And even in Africa, it is evident that the Mani-Kongo, Dahomey, Zulu and Mali kingdoms had military organizations which not only guaranteed the security against external aggression but which also became the ultimate instrument for enforcing enter town or enter state obligations. But even colonialism displayed a good case of the military in politics as key officials of the state were military officials operating using force and focusing on the military ideals of law and order.

Historically, the fact remains that it is difficult to separate the military from politics or stop their involvement in political life. This is because, they must be consulted on security matters e.g. going to war and even internal threat to stability, but most crucial here is the fact that over the years particularly in Africa and other developing countries their involvement in political and leadership matters have either been central to the pace of development greatly or scuttled it badly. This is because the classic case of military propelling industrialization in the Newly Industrialized Countries (NICs) or North East Asian Countries (NEA), and there are still the examples of the same military stampeding industrialization and development in sub-saharan African. Therefore:

> The military is a crucial part of the state apparatus. To view it as somehow outside politics is frequently misleading. But that we should know is that there are all kinds of military intervention in policies. some are more politics than others(Roxborough, 1972:25).

In our discussion on the Nigerian military and development policies, our definition of the leadership role of the Nigerian military is restricted to the periods during which the Nigerian armed forces had taken control of state power or had formed military

governments. This leadership role in relation to access to and control of state powers enable us to vividly grasp the wide possibilities available to them in terms of determining and directing the type of economic policies and national culture which in their opinion was appropriate to the Nigerian state.

Generally, there are three views in analyzing the military political question. First, it is argued that the military by nature and definition is a political instinctively conservative a force, untrained in the tactics and strategies of civilian rule and political management. It is argued further that the military has an inherent desire to serve its corporate interests and therefore is incapable of leading a country into desired development goals (Odetola, 1982:4, Lieuwen and Huntington, 1962, 1964a 1964b). Moreso, that because the central issues here are between modernization role of the military and development, development here been defined as the process of building political institutions which invariably it is stated will far out last the military rule. Thus, the military was no close being a force for change, national unity or development in any form (Huntington 1962, 1967, 1968, 1968, Nun 1967). In these analyses of African situation, most studies have drawn conclusion of the inability of the military to bring about political stability and economic growth (Bierien, 1967, Weley 1971, Zolberg, 1968, Adekanye, 1993, Oculi, 1984 Oyadare, 1994).

The second view asserts that development is only possible through revolutions and that in developing countries, the military are principal obstacle. Furthermore, studies have shown that in Latin America where they first reared their head, they allied with the oligarchy and middle classes through counter insurgency forces to thwart real changes.

The problem with this is that it looks at the developing countries as depending solely on big powers for hardware, training and procurement and thus cannot take an independent line (Odetola, 1982, Rogger, 1966, Messah, 1988). But most military regimes have been able to stand their ground e.g. Angola Mozambique. It can be argued that even the military assistance and the process that goes with it turn to bring development since it becomes a basis for an exclusive but lasting relationship with the former imperial power. But the fact remains that these relations are still fostered on the exploitation of the less developed country (Horowitz, 1988).

The third view sees the military as an agent of development. Here military values, skills and ideologies are seen as antithesis of the first two positions and that military politician makes the best, the most thorough going and perhaps the only reliable manners of social change, the most effective supervisory agency for direct change. the military itself here is seen as the most modernized and highly disciplined institution nation wide capable of guaranteeing the political stability necessary for economic development (Odetola 1982:56, Sorkaa, 1987).

What the various stands tells is that the military over the years has had serious influences on the society's social structure. For, acting from their vantage position that have succeeded in elevating themselves above not just their peers but even other occupation and groups hitherto ranked higher in terms of statues evaluation (Andreski, 1968, Adekanye, 1985). This transformation has made the military to move from an institutional format to one more resembling that of an occupation. An occupation here is seen in terms

of prevailing money reward for equivalent competencies overtaken the old institutional (or professional) concept of the military whose normative values used to be captured in the words like "duty, honour and country (Moskos Jr, 1977). The conception of military occupation here is seen in context of military men and women, like members of many occupations are held to be motivated primarily by considerations of pay, promotion, job-security, concern for good conditions of services and other self regarding interests (Jackson:1970).

Much of the points raised on why the military intervenes in the politics of a state are centered on the role of the military institution being interested in issues of governance of such a state. Sometimes they may be truly concerned about the decay of political, social and economic life of the nation or sometimes just military politicians who are simply ambitious and see the political process as and avenue of advancing, projecting and protecting the military interest (Welch, 1970, Finer, 1970, Horowirz, 1970, Hordinger, 1970).

2.8.2 REASONS FOR MILITARY INVOLVEMENT IN POLITICS

Generally, scholars have however, advanced many reasons why the military particularly in Africa intervenes frequently into political life (Kolbs, 1968, Welch, 1967, Ukpabi 1972, Janowitz, 1969, Finer 1962, Beckman 1987, Ofoegbu and Nnosu, 1986 Mangvwat, 1980, Adekanye, 1989). The variegated reasons include:

I) Declining legitimacy of the ruling political class as it resorts to violence to maintain itself in power.

ii) Lack of cohesion among the political leadership and the resultant amenity that pervades political activities;

iii) The marginalization of minority groups and their zeal to fight sometime violently for recognition;

iv) Serious economic hardship resulting from bad economic and political management;

v) Apparent and conspicuous corruption and ineffectiveness in the private and public sectors as a result of porous political leadership;

vi) An alliance between an arm of the civil/political class with group within the military to capture power so as to protect certain political and economic interests;

vii) Self seeking military politicians, hoping to take power to satisfy their ambition of being political leaders to effect `change' or implement a particular political and economic agenda.

2.8.3 THE NIGERIAN MILITARY IN POLITICS AND PERFORMANCE ASSESSMENT

It is important to assess the performance of the military in terms of their declared goals in government and performance card. The point here is that one of the major reasons

the military in Nigeria have in coming to power the issue of the military coming to stop the collapse of the state which most of the time they state is filled with corruption and non performance. So what has the Nigerian Military been able to achieve all these years?

The first military regime of General Ironsi announced a political philosophy of unitarism. This he hoped would not only cure Nigerian ills such as ethnic conflicts, regionalism, urban plight, unemployment. All these were to help better issues and return the country to the civilians in 1969. There was also the unification decree of May 24, 1966 i.e. Decree 34. (Ostheimer, 1973:62).

The Gowon regime on the other hand launched Nigeria's second National Development Plan 1970-74. The plan was principally aimed at establishing a strong and self- reliant nation, a great and dynamic economy, a just and egalierian society; a land of bright and full opportunities for all citizens and democratic society.

Generally, among the allegedly major achievements of the Nigerian military in politics are listed as follows (Mangvwat: 1989:5-6, MAMSER 1987, Vision 2010 Report, 1997):

(A) **POLITICAL**

(i) Political stability by intervening in politics.

(ii) Preservation and protection of the territorial integrity of the Nigerian nation state via the successful prosecution of the civil war and repelling border attacks and incursions.

(iii) Creation of states

(iv) Local government reforms

(v) prompt action with regards to formulation and implementation of policies

(vi) the national youth service corps.

(B) ECONOMIC

(i) The change of currency from pound sterling to the Nigerian Naira.

(ii) the establishment of many industrial, banking, insurance and financial organizations aimed at accelerating and expanding various sectors of the economy e.g. the Nigerian Bank of Commerce and Industry (NBCI): Nigerian Industrial Development bank (NIDB), Nigerian Insurance corporation of Nigeria (NICON); Nigerian National petroleum Corporation (NNPC) etc.

iii) Public enterprise Promotion decree.

(iv) the establishment of Iron and Steel Complex Ajaokuta and Steel rolling complexes at Alaja, Jos and Katsina.

(vi) The planning and execution of 2nd, 3rd and 5th National Development Plans.

vii) The establishment of Motor Assembly Plants.

viii) The Structural Adjustment Programme (SAP)

(ix) Encouraging Agriculture

(x) Vision 2010

(C) SOCIAL SERVICES

i) Education expansion: UPE, establishment of new Universities and colleges of technology/polytechnic and Colleges of Education.

ii) Expansion of Medical Services through building of new hospitals and clinics.

iii) provision of housing schemes.

(D) INFRASTRUCTURAL SERVICES

(i) Massive construction of roads including dual carriage high ways.

(ii) Massive building of dams especially in the 1970s.

iii) The building of sports stadia and culture theatres, and the hosting of festac etc.

(iv) The development of inland ways.

(v) DFRRI

(vi) Construction of new airports

vii) Petroleum (Special) Trust Fund which renovated roads and other infrastructures.

However, it is argued that some of the above mentioned achievements can effectively be challenged as mere claims. But on an over all basis, they provide a comprehensive list of activities that have been carried out under military rule in Nigeria. For example, their claim to political instability is weakened by the fact that except for Abubakar regime - every military regime put down an officially acknowledged coup. Similarly, the creation of states and local governments areas have not put an end to ethnic rivalry and politics much as these have broaden the terrain of capital accumulation. It must be noted that some of these achievement were planned to serve as a basis and process for primitive capital accumulation for the emergent Nigerian bourgeoisie and their foreign allies (Toyo 1985, Usen, 1997).

However, in assessing vividly the military, the lofty achievements listed above have still not moved the country forward. Also based on the resource potentials of the country and the way the populace are firing in their daily life, military have ruled for almost 29 years of the 39 years of the birth of the Nigerian state, then their performance is poor.

But what is basically responsible for this poor performance? Ola Akinyede (1997:37) argues that the reasons for this dismay performance by the Nigerian military is corruption:

> The military culture in Nigeria is that the average soldier and aspiring soldiers among Nigerians youth see the vocation as nothing but an avenue to amass wealth. But for the opportunities and corrupt use of power that governance presents, most soldiers would have found other vocations.

This culture of course is collaborated by the fact that the system in operation in the country accepts corruption as a way of *life* for:

> While the military government may be the leading culprit in the practice of corruption, it is a common phenomenon to find a public servant who has illegally accumulated wealth from the National treasury leaving the public service and opting to go into for elective office. He uses the ill gotten wealth to buy the voters which having become impoverished by looting, have no alternative than to sell their votes. The ensuring struggle for elective office by civilians create an excuse for the military which has been waiting (Akinyede, 1997:37 Guardian, 15th October).

So generally, military regimes come to power with a strong rhetorical appeals to honesty and efficiency. But even if they believe this as they may well do, it can not truly survive for long in government. Militaries, after all, form part of the state apparatus as civilian bureaucrats and politicians. They govern through it, and benefit from the structural implicit in it (Clamphan:1981:53). Hence the Nigerian Military has not displayed any sense of patriotism and their action have shown that they are not immune from the things they criticize, the civilians and takeover from. Just as Adamu Chiroma puts it (Omuabor, 1994) clearly:

> The military is not as patriotic as it is made up in the coup sales. It is not as unambitious as people used to think. We know that it has not the solutions to problems as they used to make Nigerian believe.

The implication is their continued stay of the military into politics and the fact that, they have continued to insist to remain in politics, enthroning prolonged transitions whose

agenda is always blurred because of the criptiveness of the programmes and their implementation.

Continued military rule has thus bred in the Nigerian state, a politics which highly marginalises the electorate and militarizes the terrain of participation making the military rulers and their governance an opposition to mass civil participation and hence enshrining repressive rule. The implication for this is that:

i) As politics is repressed, it becomes more and more primary and marginalises everything including economic development.

ii) As politics becomes primary, the premium on political power rises and political competition becomes increasingly intense leading to the militarisation of not only of politics but also society to the detriment of economic development.

iii) the de-politization of economic process reinforces the contradictions between the rulers and the ruled and their mutual alienation (Mittloman, 197:19-20).

It is therefore, proper to state that the gradual involvement of the Nigerian military in politics has, over the years, enhanced their status both in terms of comparisons to other professional groups or their peers e.g. the police and in terms of even income which arouses to them. The issue here is that occupational groups like civil servants, medical doctors, judges, and academics before now were ranked higher in income and statues to the military (Adekanye, 1993:1).

Historically, it has been argued that the Nigerian Military both from recruitment and status, is a product of low status and prestige and of course quite an unpopular as compared to the other professions. For example, in the formative stage, it is stated, it was made up of basically runway slaves, vagabonds and illiterates. In fact referring to Northern Nigeria, the late Sarduna of Sokoto Sir Ahmadu Bello is said to have said that the first military recruits in the North were runaway slaves, labourers from the markets who were enlisted. Thus, it can be said categorically that, was that the attitude of people towards the military was that it was a place for societal drop-outs. The poor enumeration system that went, paid less than an unskilled daily paid government labourer. Army NCOs, were paid less than their counterparts in the police, in fact, the pay and other conditions of service for a fresh University graduate entering the civil service were much better than those of a newly commissioned army officer. The result then was that few people offered themselves to be employed in the military (Miners, 1971:29-32, Adekanye, 1993:6).

This position remained so even in the 1960s. In a study of occupational prestige ranking by economics and medical students at Nigerian Universities, it was found that army officers were ranked 13th out of 41 by the former and 19th by the later. This was indeed true because at independence, a fresh graduate newly commissioned officer in the Nigerian army received £708p.a. whole the first class or second class upper graduate who went in to the university to the post of Assistant Lecturer got £950, his counterpart in the Federal Civil Services got 720p.a. (Morgan, 1965:11).

However, in 1975 in what Adekanye (1981:155) calls a "statues coup" the Nigerian military had transformed itself including enumeration into an enviable thing as against their pre 1966 position and by 1981, and later by 1990/93 with particular reference to the academic profession, the army had established itself as a superior group with higher salaries and claims. But most important is the issue of increase, share of the nations resources that go to the defense relative to other sectors of the economy. From bare 3.7% claim of the total federal expenditure in FY 1961/62 relative defense share almost doubled to about 6.8% in F/Y 1961, 32.3% in 1968/69 F.Y and 42,6% in F.Y. 1969/70. This can however, be attributed to the civil war. But the trend continued up to the Babangida regime. Of course, even salaries and persona emoluments, conditions of service and retirement benefit etc, favours the military (Adekanye, 1981a, 1981b, 1985, 1989, 1993).

But a most recent dimension to this privileges was that of a widely published circular in July, 1986, despatched from the office of the Chief of Army Staff requesting seven Federal Ministries in as well as State Governors under the Babangida presidency to give consideration to retired military officers in the award of contracts so that they can earn a living in a responsible manner. These seven ministries were those of Internal Affairs; Communications, Information; Transport and Aviation; Labour and Productivity; and Trade, but the most conspicuous was the five hundred million Naira (₦500m) vote used for the purchase of cars for military officers (Adekanye, 1993:27). This is even clear now that the PTF has a special committee on military and police most of which is spent on

renovation of barracks. Thus the question arises to what use was much of the money meant for renovation of barracks put to since 1984 in the defense budgets?

It can generally be put that the military has emerged systematically a differentiated group, highly placed, well funded, much into politics, economically buoyant with well funded educational institution to train their cadres to compete favourable with other professions in the civil society. The army has here established the Nigerian Institute for Policy and Strategies Studies (NIPSS) Kuru. The Nigerian Defense Academy (NDA) Kaduna has been elevated to a degree awarding institute. The war college has been establish to offer Post graduate training. There is also the Command and Staff College which combines professional, academic and pragmatic training in governance and the handling of state affairs.

2.8.4 THE STATE, THE MILITARY AND EMERGENCE OF A MILITARY POLITICAL CLASS

The activities of the military in Nigeria, as have been enumerated, are said to be part of the dominant class efforts to retain control of the social formation in terms of crisis resulting from challenges to the weak posudo-hegemony imposed by the dominant classes. Thus in most cases they are used to reinforce or redirect the legitimacy of the ruling class. The Buhari coup is cited as a good example of this (Folala and Honvbere 1985). That is why even the most acclaimed revolutionary military regimes hardly accommodate left wing

elements, nor have they ever questioned the capitalist posture (Ayu 1985). It is therefore, viewed that in Nigeria (Beckeman: 1986:55) ;

> The army itself has served as a powerful vehicle of bourgeois class formation with a growing number of senior officers establishing themselves in business, either along side their army carriers or on early retirement. Many serve as managers of state enterprises or as members of Boards of directors, both in the private and public sector. Defense contracts have created avenue for dealing profitably with Transnational companies not just in arms but in communication technology and in more mundane requirements of the armed forces, such as cement for army barracks.

The continuation of this syndrome has been the fact that many retired military officers have ended up as giant forces in the private sectors in agriculture, industry etc. for instance, it is true that the former military leader retired General Olusegun Obasanjo has Obasanjo Farm (ltd), a Multi-million Naira poultry business established at Ota near Abeokuta in Ogun State. His immediate deputy in office Late Major General Yar-Adua (Rtd) before his death was part owner of Habib Bank (ltd) and among many other big business concerns. Also former Chief of Army Staff, retired Lt. General T. Y. Danjuma whose group of companies called MEDAFRICA GROUP LTD, based in Lagos, runs a thriving shipping importation business. In its 1985 publication, the publishers of WHO IS WHO IN NIGERIA, the bibliographical centre of Nigeria Lagos, listed General Danjuama's position to include (Adekanye: 1993):

i) Chairman, Nigerian American Ltd.

ii) Director, Ideal floor Mills ltd.

iii) Director, Motor Tyre Service company of Nig. ltd.

iv) Director, Eastern BULCON co..Ltd.

v) Director SCOA (Nigeria) ltd, etc.

Therefore, all we see is that a large fraction of the upper stratum of the military has interest which coincide with those of the Nigerian dominant class. Those interests are essentially meant to consolidate the state and guarantee conducive atmosphere for accumulation in general (Momoh, 1992:148). Thus, in the case of Nigeria, the relationship between the military in politics and collaboration with a group in the civil class to maintain their stay has rather shown that decision and policies have rather not changed but used to protect and promote certain interests rather than direct resources towards the development of the state (Haruna, 1986:6, Turner, 1978, Owunwa 1994). This has made the Nigerian military a group that only initiates programmes and policies for their self reproduction and transformation of its country unlike its counter parts have done else where development has been their main agenda.

It is therefore clear that the nature and quality of military leadership has been unproductive and not an instrument of transforming Nigeria to industrial height. The result of long years of military rule was the collapse of state developmental structures. The leadership lost direction and had no vision of what it wanted the country to be (Odhianba, 1995:24-26, Dunmoye, 1994, Alabi, 1994, CODESRIA, 1997, No 2:19). The military because of corruption and poor leadership have failed to industrialize Nigeria.

It is important to round this off explicitly that available evidence suggest that we must come to the reality that contemporary analysis must focus on how individual developing countries can move on. For at the end, irrespective of who plays what and what system should be in operate, development should be the ultimate for:

Therefore, we must sum that even under a dictatorship imbibed with a sense of mission, disciplined, orderliness, hardwork, less organized corruption and confusion, good ethics, led by a visionary and development oriented leadership, development is bound to take place in such a state. With this in South Korea, we seen was able to move to be an industrial force. The lack of these traits as we see in the Nigerian state both with the dictatorial military regimes and civil democratic once have not helped to usher in the much or desired progress in the industrial and development sphere in general. As Umoren (1997:23) puts it clearly, the bane of the Nigerian society and economy is neither democracy, knowledge, skills nor material resources but the poverty of men of proven integrity at all levels of leadership. This is necessary because the act of managing state affairs for positive results entails elements of effectiveness, efficiency transparency, honesty, accountability and fairness.

2.9 RATIONALE FOR THE ADOPTION OF THE THEORETICAL APPROACH

The Marxist materialistic conception of the state has been adopted as a theoretical base for this work for several reasons. First it gives a realistic understanding of the

problems of development and industrialization in the Nigerian State. This is because its focus on the state brings out a fundamental component of development which is the emphasis provision, promotion of life, hence forces of production as a basis for survival and existence of society.

It is obvious that in the history of development, the state through its interventionist role has been a central motivating force for development (Toyo, 1986). Therefore, the adoption of the Marxist theory of the state gives a close objective situation of what role the state as an institution have played in the development of societies.

Secondly, and most importantly the approach is flexible enough to be relevant as a method of analyzing social issues so many years after it was formulated. The analysis continue to tilt Marxism and its concept of the state to appreciate realities as they progressively and historically emerge to make room for future relevance of the theory. The approach warned and cautioned on using the theory rigidly. For Marx stressed time and again that it should not be forgotten that the horizon of his work and the discussion of historical process of development is essentially European (Palma,1978:58).

Marx thus warned his readers not to "metamorphose (his) historical sketch of the genesis of capital in Western Europe into a historical circumstances it finds itself". Engels himself warned too that:

> According to the materialistic conception of history the ultimately determining factor in history is ultimately the production and reproduction in real life. Neither Marx nor I have asserted more than this. Hence, If therefore, somebody twists this into saying that the Economic factor is

> the only determining one, he transforms that proposition into a meaningless, abstract and absorb phrase. The Economic situation is the basis, but the various elements of the superstructure - political forms of the class struggle and its results, such as constitutions established by the victorious class after a successful battle, etc - Juridical forms and especially the reflections of all these real struggles in the brains of the Participants, Political, legal, philosophical theories, religious views and their further development into systems of dogma - also exercise their influence upon the course of the historical struggles and in many cases determine their form in particular (Engels, 1980:10).

It is therefore clear that although perspectives in Marxist materialist conception might not be as it was formulated, the concept still remains same and enables us to understand economic activities of societies more thorough. That is why even in appreciating classes and class struggle the way it has been used, we must make attempt to locate and relate it to a given mode of production and a historically determined social formation. This means it is essential to consider social classes in a specific society or social formation at a distinct juncture in time (Palma, 1978: 58). This is because, Marx's theory of classes represents an analysis of the industrial society of his time in terms of the interaction of its economic and social organization, their particular form, and the forces driving society as a changing entity. This to him demanded a historical analysis. This historical process termed class struggle which ultimately has ever determined the direction of and nature of development. Thus, the nature and form of these classes in Nigeria and some developing countries have determine how development and industrialization in particular is conceived and implemented.

Another major reason why this approach is appropriate for this research is the fact that it has right from inception, laid a material productive basis for what was later really to take place in Asia which has come to be adopted today as a model of dependent capitalist development. This is because, while recognizing the exploitative purpose of British political rule and economic expansion in India, Marx argued that the development of railways, markets and community production would establish the material conditions necessary for industrial development, and dissolve the social relations of communal production on which the political stagnation and cultural backwardness of Asian society was founded. The expansion of capitalism and of imperial domination eliminated backward, Pre-capitalist modes of production, and allowed the development of the forces of production. Lenin did state that even Russia suffered from both the development of capitalism and the backwardness of that development. For colonialism created the classes that will overthrow it. Lenin really foresaw that there existed in Asia a revolutionary bourgeoisie, who would over throw colonialism in favour of political democracy and capitalist democracy (Williams, 1978:926). It is on this premise that the Marxist materialistic analysis and conception of the state identified the national bourgeoisie as distinguished from compradoes and bureaucratic capitalists as the revolutionary group. Any form of development even socialist needed to identify with this group to achieve a state - directed, and often military capitalist development (Williams, 1976).

Again, the approach also enables us to see clearly that colonialism no doubt accelerated and modified the course of capitalist penetration, providing the organization

and technological basis for rapid spread of capitalism and sharp increases in the level of production, while tying this development more closely to a dependent relation to European capitalism (Bret, 1973, Wolf, 1974). The way and manner the colonial and post-colonial states were incorporated into the capitalist system determine explains this more. The inability of the indigenous bourgeois class to curve an industrial path is deceived so much from here. Hence while, in Nigeria the class could not, the same class elsewhere like South Korea has been able to achieve this. But important to note is that the way the indigenous bourgeois in these states organized and cooperated with the state determined the scope of success (Cohen, 1982, Kempt, 1989).

In employing the Marxist materialistic analytical frame work, it has been established that international capital and their agents were not out to develop these states, rather, it was a process of its-self sustenance and multiplication for self profit of the main capitalist countries. But it is the argument here that the presence of these foreign materials both during the colonial and post colonial era like finance, machine and human capital etc, depending on the character of the state and its ruling force have aided industrial development in some countries of the developing world (Moon, 1994:43, Wade, 1992).

The approach also reveals a realistic position that though the goals and aspirations of the states in the developing world should be to develop and catch up with the developed countries, it is clear that their efforts will continue to lag behind. This is because class struggle has continued to enable developed countries to develop faster (i.e. innovations and

inventions), based on this, the bourgeoisie in most developing countries like Nigeria must therefore be conscious of its role because it has failed to be productive.

It is important to know that the extent to which real and solid industrial foundation and transformation takes place in a country depends on the role of the indigenous classes. This is because the patterns of incorporation into world capitalism varies and hence the difficulty to compare Nigeria to the industrializing countries of Asia and Latin America. For as Bodin (N.D), Montesquieu (1949) and Wittfogel (1959) all 16th, 18, and 20th century scholars respectively observed THAT, in trying to judge such transformative processes comparatively, we must be cautions to take certain factors into consideration. These include certain aspects of a country's climate, water resources and all domestic features which influence the decisions and hence the manner things are done.

This is why the role and interest of international capital in some of these countries, the role played by the political and economic class to direct a well chronologically planned development process which was able to make them move from the traditional import substitution, industrial development strategy to an export oriented strategy. But considering the enormous resources at the disposal of the Nigerian state, the nature of de-industrialization of the country hardly has no convincing explanation.

What is also essential about this theory of the state is that it exposes the dynamics of state operations and position of the actors in fostering or marring, scuttling the development process. The vital issue here is proper and good planning by the state. The two crucial processes of this planning are identified as is mobilization of resources for the

purpose of productive investment and (ii) the direction of the investments into proper channels. (Large, 1972:207). Thus, echoing the central role of the state thesis in the development process, Watterstein (1973:277) stated that:

> We live in an era in which virtually all political men claim they are for the economic development of their own country and the world. Yet we know that the reality is that over the past few centuries a few countries have developed far more rapidly than the rest of the world, and that, at the present, by a host of other indicators, the economic gap between the more and the less developed countries seem to be increasing.... The only socially meaning units of measurements of these transformations in the modern world are nation states. It is a state that is transformed. It is a national economy whose structure is developed, whose output is increased, whose mechanisms of internal distribution are or are not made more egalitarian.

Based on all these, it has become apparent that states in the developing world should do something not to be left behind in this development race. It has been argued that most developing states have tried to rise up to this challenge. Most of these states as early as the late 1960s and early 1970s, introduced new manufacturing and marketing methods which increased their profits and technological development despite the limitations a typical underdeveloped country will normally face. But the point is, most of these countries like Nigeria displayed the inability to steer their political and economic activities in such a way that, the country and its people or even a faction or fraction could benefits from industrial production process. This is because industrialization needs both a form of the individual entrepreneurs behaviour in the industry as well as more dynamic action in

the national system, (Cardoso, 1973). The role played by the state in most of these countries where industrial success have been achieved has been overwhelming.

Ake (1979:7) therefore, assessing the relevance of state and its actors in achieving desired development states that:

> ... the problem of state building may be externally generated, or might arise internally as determined, demands for radical change which might endanger the survival of the status quo. More specifically, the state building problem occurs when the political elite creates new structures and organizations designed to penetrate the society in order to regulate behaviour in it and draw a large volume of resources from it.

And capping it on the lack of sound industrial, technological and entrepreneurial development in Nigeria, it is a fact that there is in this country a group of men and women who, apart from managing billions of Naira worth of funds, have an intimate knowledge of personalities in the growth centres of Africa and the world at large - like markets. These people as we see later in the work in the private concerns in Auto Industry have invested and are managing properly industrial establishments without any state assistance. But why this has not consolidated is simply that the National leadership in the state has not seen industrialization as a priority. This problem the Marxist materialistic theory of the state reveals to us that the character of the state is determined so much not only by the economic but leadership too.

Above all, historical materialism has a contemporary significance. It is applicable here and now. It leads to conclusions not only about the causes of past events but about

the causes of events now taking place, and therefore about what to do, about what policy to fight for, in order to satisfy the real needs of the people. (Conforth, 1962:14).

Again, when modern industry was created, there were created the means to produce enough to satisfy the needs of every human being, and therefore to realize the ago-old dream of universal plenty, the means exist to do it; and the materialistic conception of history by explaining how social relations change and how modern industry came about, shows how it can be done.

Based on all that have been presented and, analyzed the reasons for adopting the Marxist Materialist conception of the state, it is obvious that the theory gives a better understanding of the problem/issues on industrialization in developing countries and Nigeria in particular.

2.10 CONCLUSION

This chapter has thus revealed that industrialization or development generally is possible and practicable in developing countries. The dimensions, proportions or degrees may differ. However, this may be a product of leadership location, culture etc. In the next chapter, we seek to illustrate the problems associated with the development process in the developing world that make or hinder the industrial production process.

CHAPTER THREE

3.0 THE POLITICS OF INDUSTRIAL DEVELOPMENT AND UNDERDEVELOPMENT IN DEVELOPING COUNTRIES

3.1 INTRODUCTION

This chapter aims to delve into a critical review of the literature on issues surrounding the development and underdevelopment of industrialization in developing countries. The method here will be a thematic review of the variants and dimensions of the issues that surround the process of this development. This it is hoped will at the end lead us to identify and appreciate the factors inhibiting or those that can assist Nigeria's industrial transformation.

3.2 THE CONCEPTS OF THE THIRD WORLD, UNDERDEVELOPED, AND DEVELOPING COUNTRIES

One major issue to sort out in this literature work is first to really accept the proper concept for societies that are still developing. This is due mainly to the way and manner such terms as "Third World", `developing' or some times or cases `less developed countries' (LDCs) are used.

3.2.1 WHAT IS THE THIRD WORLD

Ahmed Kani (New Nigerian, 10th October, 1993) has argued that in defining the third world, the confusion arises from whether the term is of a political, psychological, economical or ideological note. To him the term was coined in referring to the industrialized countries like United States, France, Germany, Britain as the first world while the second world simply referred to countries of the former Eastern Block

led by the former Soviet Union. The complicated nature of the term comes from the bid that even China insist it is a third world country. According to Kani, their arguments has posited third world as these countries underdeveloped by the super-powers in one way or the other.

Arguing in the same line, Henry Bernstein (1973), Alavi and Shanin (1982) says the term just like the others, like "developing or underdeveloping" or emerging societies" all try to identify parts of Europe and United States as developed and others as not. Shinin supported by Alavi said these terms have changed over years. The earlier label of "backward societies" informed a colonial version but with decolonization came the term "Emergent Nations".

Thus, Clapham (1994) says if we adopt these, then the phrase third world could refer to the America's south of the United States, Asia apart from Soviet Union, China and Japan, and the oceanic Islands apart from Australia and New Zealand. But some states which fall into this category are extremely rich like Kuwait and South Saudi Arabia which have very high per-capital GNP and standard of living. Furthermore, when we consider the speed and tempo of the manufacturing sector currently going on in most of these states, the thesis of their inability to grow and expand industrially because of their third world status becomes limiting.

Foster (1978) and Harris (1979) have opined that third world "identity" is essentially a fabrication of elites. In fact, agreeing with them, Bauer (1981) says:

> There is no third world problem, rather there are innumerable societies with widely differing conditions of life and expectations for the future..... The so-called third world development problem was created by those who lumped together the innumerable societies of the third world.

Chandra Talpade Mohanity and others (1991) therefore, hasten to conclude, given the broad nature of the concept that, the term third world is more of a maligned term referring to countries with high levels of poverty and unproductivity.

Despite the conceptualizations and strands in what the concept, `Third World' is, Kunu (1987) provides a better or more acceptable position. He asserts that in looking at the Third World question, both the liberal/orthodox and radical/marxist schools only differ on methodology or ideological approach. Their conclusions are the same. The issue at stake is that, why is it that we do with difficulty things others do with ease? Both schools accept that we are underdeveloped because of lack of capital accumulation and the existing socio-economic system, which is mostly still traditional and must therefore, be changed for a way forward.

The term Third World, formulated, propagated and used by Western scholars was more of a maligned term. Therefore, if it was a categorization of societies where things have not worked like developed countries then, its usage should have been or should be limited now that innumerable number of these societies have demonstrated practically the willingness, ability and capacity to develop industrially. This is because there has been an increase in techniques used by labour, increase in changes in the fashioning of tools and in fact the relevant knowledge in the production and manufacturing processes as depicted by the nature of industrial products. However, it has been made clear that what is common with these societies attempting to join the developing world is the difficulty in preserving their autonomy and sovereignty in the face of historical forces of International Economic systems which bring about the practices of external influences and of the techniques of survival.

3.2.2 UNDERDEVELOPED AND LEAST DEVELOPED COUNTRIES (LDCs)

Contemporary clinches like underdeveloped and less developed countries (LDCs) stems from the underdeveloped nature of these countries. Bauer and Yamey (1963) refer to these countries as having low level of real income and capital per head of population which are low by standards of North America, Western Europe and Australia. However, while Mying (1973) considers them to be countries which have made unsuccessful attempts in Economic struggle to earn a livelihood, Ranis and Fei (1961) says this is so because they are labour surplus economy, poor resources, mass population, mass unemployment and high rate of population growth.

Given the aforementioned, Baren (1952) has earlier noted that these countries also witness economic domination by domestic parasitic feudal overloads who tends to conspire with powerful multi-nationals in appropriating large slices of the national products, wasting them on extravagant living. Todaro (1982) in fact observes that their dependence on agricultural production and primary products exports etc, makes them vulnerable in international relations.

It is however, important to note that all the issues raised in terms of why these countries are what they are, and why others fail to attain the needed have revealed that development is a common and necessary feature of all societies. Thus, the fact that these societies too are bound to develop is inherently undisputable. Hence, Okoh (1987) insists that the question of economic underdevelopment should incorporate countries that are in the process of economic development during which they encounter obstacles related to economic underdevelopment. And that at the end, the development process involves nothing but trials and errors, thus genuine societal made problems have to be overcome.

We should therefore call all countries on their way to develop as developing countries. This is because though they may share different levels of problems, the problems are still there; role and aggression of international capital, skewed markets for their manufactured goods as per protectionalism from developed countries like European Union and North America, while on the other hands they are forced to open their markets. Thus, Korea could have high growth, high per capital GNP, but still has not come to be classified among the group of seven namely Britain, United States, France, Japan, Germany, Canada and Italy both in terms of international politics and economic abilities and relations. Again development such as in the newly industrial countries (NICs) which are mostly in Asia and Latin America principally assessed from the context of underdeveloped a countries striving beyond their underdeveloped and dependent status makes them to be part of the first world.

Closely linked to this, is the issue of Least Developed Countries (LDCs). Here, by 1989, the United Nations (1989) identified 42 countries belonging to this. They include:

1. Afghanistan
2. Bangladesh
3. Benin
4. Bhutan
5. Botswana
6. Burkina Faso
7. Burma
8. Burundi
9. Cape Verde
10. Central African Republic
22. Lao Peoples Democratic
23. Lesotho
24. Malawi
25. Maldives
26. Mali
27. Mauritania
28. Nepal
29. Niger
30. Rwanda
31. Samoa

11. Chad
12. Comoro
13. Democratic Yemen
14. Djibouti
15. Equatorial Guinea
16. Ethiopia
17. Gambia
18. Guinea
19. Guinea Bissau
20. Haiti
21. Kiribati
32. Sao Tome and Principe
33. Sierra Leone
34. Somalia
35. Sudan
36. Togo
37. Tuvalu
38. Uganda
39. United Republic of Tanzania
40. Vanuatu
41. Yemen Arab Republic
42. Mozambique

These countries, the UN argues are so identified because of their weakness as partners in international affairs. They are also ill-equipped to develop their domestic economies and to ensure adequate living standards for their population. Their GDP per capital is slightly over US 200 and just 2% of that of the developed economies. Apart from this, they suffer from one form of geographical handicap or the other for example land locked (15), remote insularity (18), drought and decertification (22) high exposure to disasters such as cyclones, floods and Earth Quakes.

It has been argued elsewhere that the most distinctive feature of LDCs is not their poverty as such, but the structural vulnerability of their economies to external shocks, with extremely low income levels, little industrial activity, small domestic markets, low investment and savings rates and a relatively undiversified product capacity. They are less able than other developing countries to respond to natural catastrophes or a diverse shifts in world economies (African Recovery 1990, Vol. 41, No. 2 July - September). Important also, is the fact that of the LDCs recognized by the

United Nations as of mid 1990, 28 were in Africa, located South or the Sahara, representing 37% of Africa's population (African Discovery, 1990).

However, the fact that development efforts in these areas is not given positive recognition when general development issues are raised is not good scholarship. This is because when one looks at the development efforts of most of these countries on the background of their resources potentials and utilization capacity, we can applaud them. Apart from really been war-torn and devastated areas, we can agree that these countries are least developed. But the fact that some development has taken place cannot be denied. Thus, it will not be out of place to accord to such, if not most of them status of developing countries.

3.2.3 THE CONCEPT OF DEVELOPING COUNTRIES

Perhaps, the most graphic way to illustrate the issue of developing countries comes from Andre Lords (1989) when he said:

> The United States and USSR are the most powerful countries in the world.
>
> But only ⅓ of the world's population, African people are also ⅓ of the world's population
>
> of this 1/4 is Nigerian. Half of the world's population is in Asia, Half of that is Chinese...
>
> By the year 2000, the 20 largest cities in the world will have one thing in common. None of them will be in Europe, None in the United States.

This is an attempt to reveal that the current wave of development pre-supposes that, there are development efforts and break through from countries hitherto referred as backward and underdeveloped. Thus, looking at them as developing countries makes more sense moreso, that they have the potentials if used correctly to overtake the so called first world in the near future. Ahmed Kani (1993) has argued that the collapse of the Soviet Union calls for the re-examination of most of these terms like third world or underdeveloped or least developed countries. This is because most of these countries have made clear development break through while other have not. This is because as he said, countries that never adopted western liberal development paths were simply condemned to be on the wrong path. But a comparism for instance of Nigeria and South Korea, both adopting liberal capitalist paths shows that the problems of development or lack of its goes beyond ideology. Factors like international capital and the way and manner the domestic class initiate development process and at the same time relate to international capital in a way to safeguard and propel its national interest are also of great relevance.

Thus, what we have on the developing world is a two layer stratification. First, there are those developing countries capable of developing on their own in the near future with the right leadership like Nigeria, South Korea, etc, while there are those that will need long term efforts because of resource potentials, geographical conditions etc. Therefore, to perfect, and stabilize a pattern and process of development amidst the aggression of international capital and its sponsors, there must be a good relationship amongst the developing countries themselves. A relationship where, those that have acquired high levels of development can link up the lower ones. In doing this, there will be markets, and opportunities to acquire skills and technical know

how, rather than depend on developed countries.

Richard Akinjide (1996:10) has argued along these lines that in the case of Africa and Asia, (since Asia too was cheated like Africa) and the fact that the Asians regard themselves as truly developing countries creates a centrism for comradeship. And that the technological edge they have ahead of us is not just right. Europe, he argues is too advanced for our present needs. Agreeing with this, Goulbourne (1979:2450) had earlier on already raised the issue of a solidarity among most developing countries. This he says is not just that the developing world is a differentiated mass, but it is a response to the increasing concentration of capital in developed capitalism e.g. EEC and its blocked markets. Therefore there is the strong need to form groups and block at the African, Caribbean and Asian levels to negotiate with EEC etc.

To sum up, we must acknowledge McQueen (1973) that the use of terms like "Third World", "least developed countries", backward countries etc, in contemporary development studies show a lot about the extent of misunderstanding or misrepresentation of most of these economies. This is because we must appreciate that the complexities arises not just from the economies, but also from social, demographic and cultural factors. In fact Singer and Ansar (1978) argued that these factors themselves are important because they interact to bring about development.

The argument by scholars that the development in the developing countries like South Korea is artificial and cosmetic is also not strong. This is because we should be more emphatic on the traditional premise of capitalist development process which lay more emphasis on forces of production than relations of production. The productive capability base of these economies no

doubt has been industrially and technologically transformed. These economies have developed very high Industrial export capabilities even to compete with advanced capitalist economies. This is not ruling out the fact that international or foreign capital never exerted influence and effects. For what is obvious is the natural tendency for capitalism to always move out of its initial domain to look for cheaper production processes and markets. But in so doing, indigenous capital it must be noted sprang up in these areas. Hence particular states have a nationalist responsibility to achieve this development.

3.3.1 INDUSTRIALIZATION: MEANING AND RELEVANCE

It is important to understand what industrialization is or means. Only then can we appreciate whether or not it is taking place or not. The issue of really understanding what industrialization means as one tries to assess how these developing countries attempt to develop it helps us to appreciate better the complex nature of the problem at stake. Tom Allen (1992) sees the term "Industry" as been used in a misleading and loose way. He says, it is used as a residual category with a reference to all non-agricultural production. He however says many analysts regard industrialization as the fundamental issue of development as it is frequently mentioned and discussed.

However, scholars have various conceptions of what industrialization is or should be. Tenuche (1995) contends that it is an extensive process which encompasses the restructuring of all sectors of the National economy and the laying of a country's new material and technical basis. Gukor (1974) says it signifies not only substantial changes in the technical facilities available to

industrial production and the building of new industrial enterprises, but also should lead to increase in industry's share in the national economy, the emergence of new enterprises and individuals, the building of modern technical basis for the re-equipment of agriculture and other sectors, and the introduction of large scale machine production, all which bring about a growth in social labour productivity.

Stutcliff (1971) says we should count or identify these activities that can be counted as industrial sectors. These he says include, mining and quarrying, manufacturing, construction and electricity, gas, water and sanitary services. He says a country is referred to as being industrialized when 25% of her GDP arise from the industrial sector and at least 60% is from the manufacturing and has at least one tenth of its population employed in industry. A country without this he says is not industrialized. The United Nations Committee on industrial development also agrees with this. It also adds that it must really be a process of economic development in which a growing part of the national resource is mobilized to develop a technical up to date diversified domestic economic manufacturing sector (Ibid). Bala Usman (1983) and the World Development report (1991) all look at the industrialization within the frame of sustained progress in the purposeful application of skilled and specialized capabilities through a scientific utilization of resources.

However, Clive Thomas (1971:180) provides a very wide but comprehensive analysis on the issue of industrialization. He says, it include the following:

i) A significant rise in the share of manufacturing in the total output and its absorption of resources.

ii) A growth in the industrial transactions in the manufacturing sector, as it becomes more differentiated.

iii) A qualitative shift in the output of manufactured goods in favour of those which require complex technology and capital intensive techniques.

iv) A substantial upward displacement in the relative output per worker in industry as against primary and tertiary activities so that the sectoral shift in favour of industry raises the National average production per worker and increases the labour absorptive capacity of the economy.

v) A self sustained raise in labour productivity occasioned by:

   a) Consistent technical progress

   b) The continuous enlargement of the market thereby bringing economies of scale through time.

   c) The progressive use of higher levels of capital per worker.

vi) A spread of industrialized techniques to the rest of the economy.

vii) A qualitative shift in the attitudes and relationship to material phenomena, subject to the over-riding forms of class and other relationship.

He concludes and its worth to agree with him that:

> Industrialization is a social process necessary to enable society master the material environment in the service of its own needs. In this sense, the pressure for industrialization cannot be resisted rationally. The necessity for comprehensive industrialization follows directly from the over-riding requirements of a dynamic convergence of resource use through indigenous technology to the needs of the community such an approach makes the usual way of

> presenting the problem (i.e. as agriculture versus industry or capital versus labour) logically absurd as a guide to industrial priorities (Thomas: 1971:180).

The United Nations provides a more simplified definition. It looks at industry as the ability to construct or convert and develop complex technological production pattern to perfection to become a main stream pattern of production. As an integral part of National development, it is supposed to realm with over all national economic and social development requirements and a key to national development. According to the United Nations (1981), it is measured by the number of inventions and innovations measured by products or statistics of patents, all which are incorporated in production pattern. Thus, its successful results are massive outputs, progressive rise in per capita growth of GDP.

In a simpler and perhaps practicable way as has to do with developing countries, industrialization could simply be referred to as the productive development of the national economy with or without foreign assistance. Thus, for Nigeria, the report of the Vision 2010 (1997:78) provides an embracing and acceptable definition.

It insists industrialization in Nigeria must and its process must mean:

i) Development of a strong public and private sector partnership which fosters a strong economy that is private sector -driven with the Government as the enabler.

ii) Enhancement of exploitation of the nation's hydrocarbon, agricultural and mineral resources, tourism and sporting talents.

iii) Promotion of entrepreneurship and competition within the ambit of fair, equitable and enforceable laws.

iv) Massive investments in education, health, technology and infrastructure;

v) Involvement of the community in projects from conceptualization through execution to maintenance;

vi) Movement towards export - oriented production, manufacturing and industrial sectors;

vii) Promotion of indigenous entrepreneurship and Building of a strong and viable indigenous private sector; and

viii Opening up the economy to participation by more indigenous and foreign investors.

Historically, industrialization began as part of on open ended process of economic development that started around the middle of the first century in Great Britain. New methods of spinning and weaving cotton, together with increasing specialization, sharply increased productivity. These were followed by innovations in the iron smelting and by the inventions of the steam engine. Further innovations led to the production of steel and rail roads, steamships and other transportation facilities. These boosted trade and hence spread industrialization. This went first to major Europe nations, then to United States and Japan. A second industrial revolution began between 1870 and 1913. This phase it is said saw technological advancement depending heavily on scientific progress. These then went further to link industrial growth to supplies from Africa, Asia and the Caribbean. The post world War II and the expansion of trade and output of manufacturing speed the process of industrialization more. Here pre-war innovations like assembly production lines, electricity, automobiles and all kinds of durable goods/products were developed. In fact, an entirely new pattern, of technology emerged. For instance, synthetic materials, petrochemicals, nuclear energy, jet air crafts, telecommunications, microelectronics and

robotics all were being produced for use (World Bank, 1987).

In describing the success of industrial capitalism, Murah Nepeson (1983) insists that capitalism was really innovative and reproductive. He says capitalism started by developing its heavy industry from the money it received from light industry, primarily from textile industry. That came to be so because, the investments in light industry yielded results much more sooner. This required smaller investments in equipments and thus had higher profits for private owners.

3.3.3 INDUSTRIALIZATION AND ECONOMIC TRANSFORMATION

There is a consensus among many scholars (Thomas, 1974, Chenery, et. al., 1994, Agrawal and Lal, (1989) of development studies on the direct relationship between the development of productive forces and industrialization and economic transformation of a society. Clive Thomas argues that:

> Structural transformation, disengagement from capitalism, socialist development all these imply industrialization in the basic sense of the progressive spread of industrial techniques of organization and resource use into all branches of economic activities as part of the struggle to make the material environment serve the community's needs. This relationship between industrialization and the degree of the global distribution of industry and the marked concentration of industrial production among these countries which have solved the problem of mass poverty and have achieved self-sustaining increase in the level of material production. Indeed this is so generally accepted a feature of international economy that high incomes and wealth are often taken as synonymous for industrialization (Thomas, 1974:177).

Dan Nabudere (1977) in a similar submission says industrialization is linked to the production of manufactured goods which can only be successfully achieved in a society which has

attained a level of development of the productive forces. He also agrees that a country's level of development is determined to a large extent by its level of industrialization. And that developed countries will remain developed and continue if the underdevelop countries continue to be unindustrialized. Ake (1981) along the same line, states that the main forces of social change is considered to be economic, more especially technological change and such economic change is alleged to determine the most significant changes in social relations, value and ideology of political structure.

On his part, Kitching (1982) argues that for some time, modernization, development and industrialization were treated as synonymous concepts. he says the view that development is impossible without industrialization remain a potent one. This argument he says links both Marxist and classical economic theory with most Neo-classical and development economies. His major position is that if you want to develop, you must first industrialize and says:

> ... Just because things have tended to happen in a certain way does not preclude the possibility that a viable alternative may emerge, but... there is a lesson for poor countries to learn from the rich ones, it would seem to be that industrialization is the key to affluence. (Kitching, 1982: 381).

Kitching (1989:195) concludes and warn in a later work that:

> Development is an awful process, it varies only, and importantly, in its awfulness and that is why my most indulgent judgements are reserved for those, whether they be Marxist, Leninist, Korean generals, or IMF officials, who whatever else they may do, recognize this and are prepared to accept its moral implications. My most critical reflections are reserved for those, whether they are liberal radicals or African bureaucratic elites, who do not, and therefore avoid or evade such implications and with them their own responsibilities.

Evans (1977), Gunnarson (1985) have argued that it is difficult today to say that industrial development is not taking place in Third World countries. They however says in explaining its process there are so many obstacles associated with sporadic or sparse development.

Gunnarson (1985:90) in fact cautions that:

> ... When studying third world industrialization, we must avoid (a) explaining the process of change in a variety of countries by a means of an ideal model of capitalist industrialization, (b) elevating the experience of industrial countries to the general explanations we must accept the unqieuness of each historical process (Thus avoiding dogmatism) but in order to avoid empiricism, we must not let unique become the explanation of the process of change although, it might be shaping it.

Thus, looking at the developing world generally, it is clear that while the general trend in economic productivity is high in some part of the developing world e.g. East Asia, South Asia, Latin America and the Caribbean, Sub-Saharan African continent shows dismal performance particularly in the industrial sector (World Bank, 1996, 1995, Lall, 1991, 1998).

Two major views are expressed by scholars on the reasons for the poor industrial performance of sub-Saharan Africa. First is that this low industrial capability is as a result of lack of development of the Agricultural sector which should provide needed raw materials and stimulate industrial growth (Johnson and Kilby, 1975:23, Adelman, 1984, Kwabena, 1994). The second position is that industrial stagnation in Sub-Saharan Africa lies in inappropriate development strategies bequeathed by the colonial state, adopted and continued by the post colonial state. These include import substitution strategy of industrial development, transfer of agricultural resources to develop industrialization hence robbing the agricultural sector the right to modernize and

increase productivity (Lenis, 1954, Ranis 1964, Panun and Fei 1964, Lall, 1991).

In all, what can be said is that industrialization which should have laid a solid base for Sub-Saharan development is still an unfulfilled dream (Mytelka, 1987, Agrawal and Lall, 1989, Lall and Wangwe, 1998).

Thus, when we see in graphic records, the average annual growth rate of GNP between 1960 and 1987 was 2.8% with most of the growth being recorded in the 1960s and the early 1970s. In the 1980s, the economies of Sub-Saharan African countries grew at an average rate of 0.67% (World Bank, 1989). According to the United National Industrial Development Organization (UNIDO) guidelines, a country has not started industrialization when its share of manufacturing of GDP is less than 10% and a country can only be said to be developed when this share to GDP is between 10 and 20%. The Economic Commission for Africa (ECA) data show that manufacturing output/products accounted for 12.8% of all exports of independent Africa in 1974, and 10.9% in 1975. Africa remains the weakest region in the developing world in terms of manufacturing output. In 1975 its share of manufacturing output of the developing world was a mere 8.1% compared to 54.6% of Latin America and 37.3% of Asia (Lake, 1981).

Basil Davidson (1978) said that, "what comes out of Africa is neither new nor exciting nor seeming likely to be such but what is old, predictable and boring". Adebaye Adedeji (1977:14) also commented in the 1970s that:

> There is no gain saying the fact that Africa cannot afford to continue to perform in the field of development during the next decade or two at the same rate as in the last 15 years ago. If it does, the African region will be "much more powerful in relation to the rest of the world than it is now; the gap between it and the rest will be

> wider and its economic and technological backwardness will be more pronounced. I sunder to think of the implication of this for social and political stability in the region.

In the last ten years numerous scholars and organizations have tried to identify and grabble with the undevelopment problem of Africa. Freud (1988), Kankwenda (1998), Martin (1992), Mistry (1989), UNCTAD (1984) World Bank (1989) and Zaki (1986) have separately in data and analytical ways shown the dismal performance if not fallen performance of the African continent as we approach the dawn of the 20th century. In fact, Mankwenda sums the appalling situation that:

> During the last decade, six countries categorized as middle-income countries during the proceeding decades fell into the category of low-income countries. The number of least developed countries (LDCs) increased from 31 to 42 between 1980 and 1989 and the number of African countries which fell into this category stood at 28, equivalent to 66.6% of the poorest countries in the world (Kankwenda, 1998:9).

Based on all these, the results of industrial efforts and the effect of the structural adjustment has resulted into nothing but what Makandawire (1988:5) described as de-industrialization. But we must also agree with Agrawal and Lal (1989) that for African industrialization to improve and take off strong, there is the need to balance and complement agriculture with industry, and with an active intervention and supportive role by the state. However, within the developing world, scholars have shown that some development is taken place and particularly in the emerging new industrial countries of Asia worth to be emulated by other developing countries (Migdal, 1985, Amsden 1985, 1989, Johnson 1982, Okimoto 1989, Ezenwe, 1994, 1998). Macintyre (1994) argues that the remarkable interest in the Asian industrialization is that most of them took up from the Japanese footsteps and were shaking off their third world status by successfully exporting

manufactured goods to the advanced industrial countries. In documenting basic issues surrounding this high industrial advancement, there is consensus among scholars that this was possible because of the ability of the state elite to formulate economic policy without becoming captive to rent seeking societal groups (Chu, 1989, Dayo, 1987, Haggard 1990, Onis,1991, Jones and Sehong 1980), Ezenwe (1994, 1997), Abrisalla (1994), Lee (1997) and Bundaram (1997) have all argued that this development or its process is worthwhile for Nigeria to emulate in its industrial development drive.

In fact Ezenwe (1995:4) states that this achievement of the Asian Tigers started when they switched from import substitution industrialization to export led industrialization. The result was impressive growth rates in the 1960s. Their manufacturing had increased greatly between 1965 and 1978 with the overall rates within the same period was in the range of 8 - 11% yearly. This expansion led to increase in manufacturing, employment and real wages. By any standards, the performance of these NICS is impressive.

Normman Girvan (1973:20) has argued that the whole aspirations of any/all third world countries is to develop and catch up with the developed countries in terms of physical productivity is purely imitative and not initiative. And as Kankwenda (1994) says; this development forced on the developing countries (NICS) seems unreal and ingenuine. In fact, Amin (1994:21) has said that, the countries of Latin America and to a lesser extent South East Asia constitute the real periphery of the emerging world rather than to believe that they are engaged in development for he says:

> The pattern of their industrialization resembles a gigantic sub contracting enterprise controlled from countries at the centre of the system and working through what I call the five monopolies which enabled the later to polarize the world for exclusive benefit. The five monopolies comprise: control over financial flows, control over access to worlds raw materials, control over media manipulation, and the monopoly on weapons of mass destruction (Amin, 1994:21).

Mbaya Kankwenda (1994:10-11) arguing along the same lines says the slogan of the new world and an international system of fair play and open space for production and competition is hardly authentic. Africa's thirty years of trafficking in development saw things like training session for managers, functionaries and academics. Available finances (loans or gifts) all were only to acquire political and economic benefits. Because the idea of the development policies which these people prescribed on their definitions are for their own interest. For these: "... are the goods which Africa must purchase largely with the money of the "Marabout through a Mechanism of a `I lend/give you my money if you buy my idea which are the only roads to salvation".

> And for this purpose such courses as the defense of minority rights are exploited in the name of privatization, strenuous efforts are made to reinforce the efficiency of technological and financial monopolies and to keep peripheral states defenseless in these domains. In the name of environment societies of the centre accuse peripheral states of waste while themselves are strengthening their monopoly over access to global resources and reaffirming their right to waste them. In the name of a manipulated democracy the right to unlimited intervention (Amin, 1994:9).

However, looking at the realistic nature of contemporary political and economic analysis, Mahmood Mamdani, (1994:23) insist that despite the issues raised by Amin and Mbaya, and the fact that the centre-periphery thesis still stands and operates in the international process of production and competition, we must realize that now the five process of monopoly which Amin talks about are not integrated but rather disintegrated.

> Let us remember dependency theory was originally a critique of unlinear thought, both Marxist and modernists are advocated of a supra-historical, trajectory of social development through stages later day dependency succumbs to different forms of unilinearism. It seems locked in a world which sees only a single uniform outcome as the future of the third world.....
>
> Samir, on the other hand has accepted that the third world of today is highly differentiated. Should we then not consider the possibility that the periphery of tomorrow may not quite coincide with the geographical regions we call the third world today. As to catch up and who does not depend on two factors, on one hand the international conjuncture; but, on the other, internal factors. Without understanding the internal situation, it is difficult to get a sense of the forces, capacities and even possibilities that characterize different countries of the third world (Mamdani, 1994:23).

Gilpin has stated explicitly that available evidence suggest that we must come to the reality that contemporary analysis must focus on how individual developing countries can move on. He says:

> Neither integration or economic isolation can guarantee economic development. The former can lock a country into an export specialization that harms the over all development of its economy. High export earnings from a particular commodity and powerful export interest can hinder diversification; export over dependence and fluctuating prices create vulnerabilities that can damage an economy. On the other hand, economic isolation can cause massive misallocation of resources and inefficiencies that thwart long-term growth of an economy. What is important for an economic

> development and escape from dependence is the capacity of the economy to transform itself. The task is ultimately the responsibility its own economic and political leadership (Gipin, 1987:530).

But important also is that it should be pointed out that it is a fact that countries differ from one another and better too in terms of capabilities. Thus, they can learn from the others who are better off. In any case, there is nothing wrong in learning from somebody who knows better than you. Nigeria will even be better off in learning from these NICS since they will/are operating in an international system generally skewed against their general interests (countries of the South).

And as Ezenwe (1998:25) states:

> ... the alleged East Asian "miracle" is indeed not a miracle. There is even no single nor unique Asian model. Although the HPAES pursued export drive industrialization, they did it in different ways. They simply allocated efficiently physical and human resources to highly productive investments, applying superior technology.....
>
> Nigeria should chart its own cause taking into account its own recent history and lessons from the Asian stories. What the country can strive for is a form of "managed" trade where the "visible hand" of the state will provide the direction, pace and pattern of development and resource allocation.

3.4 THE NIGERIAN ECONOMY AND INDUSTRIAL DEVELOPMENT

The history of Industrial development and manufacturing activities in particular is as old as the country itself. However, there is a consensus among scholars and every Government Research and documents that its performance and contribution in the economy is low (Belabo, 1974, Egonumwan, 1984, NIPSS 1986, GDI 1989, Eleazu 1995, Vision 2010 Report, 1997). It is even further stressed that this state of the Nigerian manufacturing sector by 1987 more than any

other sector mirrors the weakness, fragility and particularly the dependent character of Nigerian development. This it is stated, is because expansion in the economy has been concentrated in the consumer goods. The results here has been extroverted resource base, low capacity utilization, low employment base, absence of export base, and the dominance of the state and foreign capital as agents (Olukoshi 1987, Economic Update, 1987).

Available national income figures indicate that in the early 1950s the contribution to Nigeria's total output of all manufacturing, including handicrafts and the mechanized processing of agricultural outputs, was less than 3%. However, it is revealed in the same source that the prospects for industrialization were still high and favourable. This was because of wide range of raw indigenous raw materials and a large domestic markets, absorbing about 120 million pounds sterling worth of manufacture imports in 1958 (IBRD, 1960: 108-9).

Again the 3rd Nigerian National Development Plan (1975 - 85) showed that value added in manufacturing and craft grew at a compound rate of 10% per annum between 1962/63 and 1972/93. For this period, rate of growth of manufacturing alone was 12.2%. The contribution of manufacturing and craft to GDP rose from 5.64% in 1962 to 7.79% in 1972 (FGN, 1975: 104). The problem however, was the structure of this industrialization. For the value added came from light industries with very low levels of technology. Food, beverages and Tobacco accounted for 34.3% of value added and Textile and Weaving apparels accounted for 17%. But these are just two elementary forms of manufacturing activity and they did account for a total of 51% of value added (FGN, 1975:148)

The point in the Nigerian Industrial History is that there was a clear absence of an engineering industry. The plan itself illustrated the fact that although the aggregate share of this group of industry added up to 12.9% which compares favourably to the average of 16.4% for developing countries, a closer look at its composition shows that the three most elementary sub-sectors, namely metal, furniture and fixtures, structural metal products and fabricated metal, easily dominated the sub-sector (The real Engineering sub-Sectors). The manufacturing of agricultural and special industrial machinery and equipments, households electrical apparatus and transport equipments accounted only for 2.3% of the value added in manufacturing within the same period (FGN, 1975:148).

Table 3.1: Contribution of Nigeria's Manufacturing Sector to GDP 1979/80 - 1982 Current Factor Cost (₦ Million)

YEAR	GDP (₦ MILLION)	MANUFACTURING (₦ MILLION)	SHARE GDP %
1978/80	39,983.59	2,037.09	6.2
1980	45,950.56	2,354.37	5.1
1981	42,274.25	2,647.54	5.7
1982	46,921.03	2,647.54	5.6
1983	46,672.77	4,172.02	6.7

SOURCE: FRN (1983) Report on the Nigerian Economic and Statistical Review, National Planning Office, Lagos.

Table 3.1 shows clearly this depreciating role and performance. Olukunle Iyanda (1995: 17) have stated that between 1980 and 1992 manufacturing capacity utilization declined from 72% to 38.70% in 1991 and 41.8% in 1992, a remained below 30% in 1995. In fact the Vision 2010 Report (1997:67) have stated clearly that the contribution of the manufacturing sector to GDP in Nigeria by 1996 was only 6.9%.

3.4.1 CLASSES OF INDUSTRIES IN NIGERIA

Generally, industries in Nigeria can be grouped under the following (FDI, 1989):

1. **Agro based industries**

   i) Textile manufacturing pulp and paper

   - Fashion resulting in expanded textile and garments

   ii) Food Processing, grains and vegetables

   - cane sugar processing, wood process for making furniture, fruit processing, biscuit production and fish processing, tobacco processing, hides and skin processing and leather and leather products, rubber and rubber seed products, pepper and pepper products processing, food storage and distribution of processed food.

2. **Chemical Industries**

   - Building and construction materials
   - Petro-chemical basic organic chemicals

Fertilizer and pesticides, pharmaceutical, pulp and paper, biofeal and synthetic fuel industries.

Environment protection industry and recycling.

3. **Metallurgical industries**

- Steel plants, rolling mills foundries and metal working.
- Beautification of metallic minerals for the protection of higher value products such as Electronic Materials, high density metals and special alloys.
- Automobile plants.

Bamanga Tukur (1994: 10) in a presentation as Minister of Industry stated that based on resources endowment, there are prospects for at least small scale industries to survive and succeed hence development plans from the second 1970 - 75) to 1994, have seen Government investing so much in this sector in terms of loans, financial assistance, to individuals, states and corporations, technical, assistance, with the establishment of the Industrial Development Centres (IDCs) to provide advice and technical assistance and the setting up of the Nigerian Bank for Commerce and Industries (NBCI) to minimize the inherent problems of Commercial Banks' reluctance to give out loans to small industries because of their risk and lack of security.

Despite all these reports, industrial performance have remain low. The NIPSS forum captures the problem clearly when it stated that (NIPSS, 1989: 1):

> ... the third and fourth National Development plans in particular have identified the problems of the Manufacturing Sector and proposed ameliorative measures.... The forum felt that these existing policies, in broad outline, were generally in the right direction and that if they were more finally articulated and

effectively implemented, with consistency and continuity, they would go a significant way in ensuring that the Manufacturing Sector becomes a healthy and dynamic sources of real Development.

A look at Table 3.2 shows an overview of great industrial attempts which if properly implemented could have lifted the country to industrial heights. A detail analysis of some will be done in the next chapter.

TABLE 3.2: NIGERIAN CROSS SECTION OF INDUSTRIAL POTENTIALS AND CURRENT STATE OF USE

PROJECT	INSTALLED CAPACITY	OPERATING CAPACITY	TOTAL OUTPUT	CBN SITUATION REPORT
Kaduna Refineries	39.9 million barrels of Crude	49.4 percent	19.9 million barrels of Crude oil	Enhanced capacity utilization was constrained by reduced allocation of crude
PH Refinery	54.97 million barrels	58.4 percent	32.10 million barrels of crude oil	Enhanced capacity utilization was constrained by reduced allocation of crude
Warri Refinery	45.9 million barrels of crude	52.5 percent	24.1 million barrels of crude oil	Operation constrained by shut down for 57 days
LNG Project	-	-	-	New investments estimated at ₦91.50 billion were made, representing six fold increase over 1995
Oso Condensate Project	-	-	39.28 million barrel	Increase was due to repairs undertaken by Mobil
Fertilizer plants	1,343,672.57 tones	45.2 percent	607,340 tones	The low performance resulted largely from inadequate funding and shortage of raw materials
Iron Ore, Itakpe	940,800 tones	5 percent	47,040 tones	Low demand for product due to non-completion of Ajaokuta Steel
Ajaokuta Steel Company	-			There was no production of steel. Inability to settle outstanding indebtedness to foreign and local contractors constrained production
Delta Steel Company	840,857 tones of billets and 157,786 rolled product	1.4 percent	11,772 tones of billets and 2,209 tones of rolled products	The poor performance was attributed to lack of funding to refurbish/replace obsolete equipment
Oshogbo Steel Rolling Company	219,387 tones	3.1 percent	6801 tones	Poor performance attributed mainly to non-availability of raw materials
Jos Steel Rolling Mill	174,578.7 tones	1.1 percent	1920.3 tones	Poor performance was explained by lack of working capital for importation of billets as its local supplies

Source: CBN Annual Report, in National Concord (Lagos) 27th July, 1998 P. 14.

Thus, since these policies have not achieved much, it is therefore proper to look at how they been implemented.

3.5 Import Substitution Industrialization Strategy (I.S.I) and the Nigerian Economy

The import substitution Industrialization strategy was the first strategy adopted right in the colonial state. The role of the colonial state in Nigerian Industrialization has been reviewed in Chapter One. Though, the way and Manner I.S.I. was pursued could not achieve the needed result, but what does I.S.I. means?

3.5.1 What is Import Substitution Industrialization Strategy

Tom Hewith (1992), and David Coleman and Nomen (1986) have argued that import substitution is more of an inward looking strategy which normally consists of setting up domestic industries to supply markets previously served by imports. Its flaws, they observe are the excessive protection measures which combine with disincentive to exporters and subsequently both local industry never grew and exports also failed. They also showed that in contrast to East Asian countries, building up industrialization was based on the export of Mass Produced consumer goods which were rising industrially.

It is simply about direct foreign investment. It is a strategy which aims at producing domestically consumed goods that were hitherto being imported (or at least you strive to reduce their import content (Hirshmay, 1968). Graffin and Enos (1973: 221) gave the following as its

major constituents:

i) In its development you aim to produce in order to save foreign exchange and by doing it yourself you acquire the experience and capabilities.

ii) a process which started in Latin America in the 1930's in the period of the American great depressions. The reasons primarily being to prepare in replacement for imports cut by war supply and;

iii) in response to growth of exports, governments then planned as a strategy to produce and minimize scarce exchange;

iv) To achieve these, policies like tariffs and restrictions are used to reduce imports of inessential goods, on the other hand, incentives are created to channel domestic savings towards investment in the targeted industrial sectors.

Onimode (1988) has stated that import substitution strategy was the first to be adopted in the third world, and has remained by far the most popular strategy. Major appeal he says seems that it is the natural way to start industrialization. That is, producing commodities that are already familiar to consumers and with an assured market. By displacing imports, import substitution is also introduced to save foreign exchange. However, he also notes that because of high foreign exchange for the imported inputs, the ultimate total success is hardly achieved.

Scholars like Booke (1953) and Furnival (1939) have argued that the whole strategy of import substitution industrialization is derived from the theory of Dual Economy which originated at about 1910. Harold Brookpield (1975:56) in fact says:

> The essence of the theory of economic dualism is the attempt to combine in one system theory for an advance and for a backward economy. The former is assumed to be capital-intensive and mainly industrial; the later is assumed to be a labour-intensive and overwhelmingly agricultural.

Osita (1986) observe that from the viewpoint of backward countries, the policy aims to facilitate local manufacture of goods previously imported and through this require skills (both technological, managerial and organizational). But also says that foreign firms in most cases have contradictory interest to this. They might want to produce or assemble locally because of their bid to control local industry and sometime dominate. The reluctance to transfer technology are indeed deliberate acts by foreign investors to allow minimal and controlled acquisition of skills by local person . The result of this is that it only inhibits local inventive activity (Osita, 1983).

Chenery (1960) also state that import substitution has helped a economic growth, and thus recommended itself as a development strategy. But Maizels (1963) has tried to show that the import content of supplies declined with the progress of industry at least up to the point where a fairly mature level had been reached. However, Sutcliffe (1991) concludes that the issues and phenomena referred to by Chenry and Maizels should be seen as the reduction in the import content of manufactured supplies and suggest that the term import substitution should be used to cover only the direct substitution of domestic production for the import of the same product.

The fact that the strategy started in most Latin American countries and some other LDCs is of a consensus among scholars of development studies in the developing world. Gilpin (1987) Strange (1985) and Kilby (1969) have documented how the great depressions of the 1930s created

the need for this export led growth. Franks (1983) is explicit that:

> During the last major crisis of the 1930s and largely 1940s, when the Third World has a balance of payment crisis and was unable to earn foreign exchange to buy imports, countries such as Mexico, Brazil, Argentina, India, South Africa, started to produce manufacturing internally for international markets substituting these for imports. To be able to import capital, they had to import machinery and later technology with which to produce these and they had to pay for such capital imports through exports. In order to earn these exports, they had to invite the multi national cooperations which they thought would bring capital equipment and capital into the country and they had to borrow and increase their debt (Frank 1983:2).

Buer (1972) summed that the net result of the strategy has been to place Latin American countries in a new and more disadvantage form to advanced industrial countries than ever before. Leff and Netto (1966) constructed a model to show how the national income and balance of payment effects of an import substitution programme. Applying it to Brazil, they found that massive industrial policies and foreign capital inflows did not eliminate the balance of payment deficits. On the contrary, the deficits was larger, at the end of the sequence than it was at the beginning. They concluded that the conditions of many underdeveloped countries approximate those of our model, and its conclusions have a validity going beyond the Brazilian experience. Import substitution cannot be relied upon to the end in the internal disequilibrium of most under develop countries".

3.5.2 Import Substitution and Nigeria's Industrialization

Mauzu (1988) stated that the strategy began in Nigeria in the 1950s with the assumption of promotion manufacturing activities in the light and consumer industries by means of importing all the ingredients for production. Egwin (1974) provides three stages of the strategy in Nigerian history starting with the era of traditional export, extensive manufacturing activities to be substituted for imports of consumer goods and finally stage of export - promotion manufacturing and production of intermediary to capital goods as alternative of over reliance on manufacture of light and consumer goods. However, the believe is that there was to be a class of enthusiastic local producers which was not in the case of Nigeria.

It has been stated that despite the assumed or resulted failures, the strategy was necessary and adopted for Nigeria because of the colonial experience and interest in area of economy and trade (NIPSS, 1986).

Even in the post colonial period in the early, 1970s, the strategy was still adopted as a way of transfer of technology. In fact, the aims there were:

i) The promotion of even development of industries all over the country, thus, evenly spreading employment opportunities.

ii) The promotion of such import substitution industries to raise the level of intermediate and capital production and enhance the level of indigenous man power development.

iii) To increase significantly the proportion of indigenous ownership in industrial development (FGN, 1970).

Alade (1988) insist that we must accept that both at the level of information and conception, industrialization in Nigeria was rightly perceived as a major opportunity to increase the rate of economic growth and development, raise standard of living of the people, create job opportunities, report import of manufactured goods decrease trade deficits from such imports and become self sufficient and self reliant. But he also argues alongside Helleine (ND) and Effiong (1975:425) that the strategy has failed to achieve the objective of technological transfer and even assembling.

In fact Deaku (1982) using the Peugeot Automobile Plant (PAN) and Volkswagen of Nigeria (VON) as case studies, showed that Nigeria's dream of industrialization through import substitution and technological transfer are a myth and a misplaced priority. To him, most if not all raw materials are imported making their local content very insignificant because of low linkage effect. Ake (1981) and Kilby (1978) all conclude that what the strategy of import substitution did was to accelerate the rate of import requirements and intermediate inputs resulting in more imports and financial or exchange payment problems.

However, despite all these criticism, it has been argued that we look at industrial production from the context of production circle. That production starts with inventions and ends with its Mass production. Thus, during early phase of the circle, the capitalist rich industrial nations have an advantage while wage countries have a competitive advantage during the labour intensive mass phase. Therefore, with the little that was present, there is no excuse for Nigeria not to have copied or be able to develop on what was brought in through the import substitution industries (C & D., 1990).

All in all, it must be agreed that I.S.I. was the best step to start Nigeria's Journey to Industrial development. Lezenme (1995) has shown clearly that even the Asian Tigers started off from import substitution before moving to export oriented Industrialization (E.O.I). Along the same line, the Vision 2010 Report (1997) state that I.S.I. was introduced produce to replaced imports so as to conserve scarce foreign exchange and the need to protect domestic raw commodities and local industries. And consequently government invested heavily in industries including steel rolling mills, machine tools, Vehicle Assembly, Fertilizer Manufacture, Sugar mills, aluminum plants, paper mills, Banks, Textiles, insurance etc. But the involvement of the private sector in I.S.I. produced less results because protected industries became inefficient and import dependents. Adeniyi, (1984) stressed that the non-coordination of the I.S.I. Policy given the resources at the disposal of the state and its wielders was responsible for the failure of I.S.I. in Nigeria. And with all the policies associated with it like approved user schemes, fast depression allowances, low tariff rates on raw materials, and capital goods, tax holidays etc, The result was the rise of industries without adequate attention paid to eventual sources of raw materials nor did the industrial policy addressed the issue of promotion of export oriented industries.

It is within this frame that issues of indiginization, role of Foreign Capital and the development of Science and Technology (Research and Development) as collaborating factors of the low pace towards domestic industrial production and exported oriented industrialization is intended to be discussed.

3.6 Indiginization and Industrial Development in Nigeria

3.6.1 What is Indigenization?

Indigenization it has been argued is a process of promulgating and designing the goals of economic development to achieve a level of self-reliance by the country concerned (Rimilinger and Stremlu, 1973:10, Adedeji, 1981). It has been argued that its relevance and necessity in the history of development of a country is that political independence without economic independence is a sham. Therefore, countries that embark on this do so to enable or allow their nationals have control over economic activities to reduce or eliminate foreign controls (FGN, 1970 - 74:289, Adedeji, 1981:132).

Adedeji (Ibid) has argued that to achieve this, countries adopt one or all of the following:

i) Outright nationalization, whereby the state of legislation either confiscates, seizes, or compulsorily controls certain foreign enterprises;

ii) The establishment of state economic organizations to complement and/to compete with or without alien enterprises;

iii) The application of discriminatory administrative practices, owed as import control through import licensing, immigration control through a Quota system, exchange control through allocation of foreign exchange and credit control; and

iv) The direct transfer of ownership to citizens as well as the local equity participation in alien enterprises.

3.6.2 The Place of Indigenization in the Nigerian Colonial and Post Colonial Economy

Although much has been reviewed in chapter one on the nature and character of the Nigerian Colonial and Past Colonial Economy, it must be pointed out that these activities created impetus for the need for Indigenization. Forest (1983) and Onimode (1982) observed that colonialism was a product of industrial revolution which gave rise to Mechanization and expansion of production that invariably led to more demand for local raw resources of Africa. To get more cheap raw materials, colonialism took over leading to abolition of slave trade. Abolition of slave trade was an objective requirement dictated by the impediment which the trade constituted for the trade in raw materials, food for mobile wage labour needed for industrial capitalism and the market needed for the consumption of the Mass Produced Industrial Manufactures.

Based on this character the and aspirations of the post colonial state, Akeredolu - Ale (1972) and Williams (1980) stress that the colonial state nor its firms initiated the desired transformation from trading firms to manufacturing. Williams (Ibid:36) in fact states that:

> The pricing policies of the marketing Boards delayed the development of industry in Nigeria by limiting the expansion of the market, the development of indigenous capitalism by denying African traders the opportunity to profit from the post war boom in commodity prices. The surpluses accumulated by the Marketing Boards were sent to Britain rather than invested in Nigeria.

Aboyade (1968) has argued that real manufacturing activities in Nigeria stated after the second world war when the first effort at development planning was adopted - 1954 -1962 (Hedllener, 1966:231). This was primarily because of the rush in demand for Nigeria's raw materials which led to the accumulation of money surpluses in the hand of Nigerians. This in turn

generated a high demand for imported consumer goods which were in short supply in the country. Thus, there was an opportunity created for companies wishing to supply such goods (John, 1986:49). Kilby (1969:541 65). Also states that competition among expatriate firms in retail trade intensified so much that some decided to diversify into manufacturing. Akeredolu - Ale (1975:68 - 72) has therefore insisted that even if the first development plan did not directly stimulate industrial development through its programmes, it helped in drawing the attention of the investing world in Nigeria, the result of this he shows was rapid rise in industrial activity in the private sector. This the author noted could be seen by the number of limited liability companies registered in the periods between September 1912 to October, 1946 and November, 1946 to March 1968. In the former, the average number of companies registered was 18 and in the later it increased to 248, an increase of almost 1300 percent.

Edozian (1968) in confirming the dominance of the expatriate firms on the Nigerian manufacturing sector in a study of the ownership structure in some major manufacturing industries in Nigeria from the period 1924 to 1964 revealed that:

> Out of a sample of the 195 largest firms in the selected industries, 99 (50.77%) were 100 percent foreign owned and 22 (11.28%) were 100% owned by Government. Government Corporations were reported to own 18 (9.28%) on a 100% percent basis, the remaining 56 forms representing 28%.72% of the sample were jointly owned by foreign private groups partnership with government agencies or with both government Corporations and Nigerian private business. (John, 1986:70).

Moreso, even up to 1978 this pattern remained same. Studies by Teriba and others (1981) revealed that at the end of 1970, over 70% of share holding was concentrated in expatriate hands.

John (1986) has provided detailed Analysis of the history and reasons for Indigenization in Nigeria. he argues that given the capitalist nature of the colonial and post colonial economy, no serious attempt at complete and productive Indigenization has taken place in Nigeria. The intention he argues has never been never to supplant but rather to seek to accommodate foreign capital in the modern sectors of the economy using so many things, the major being the Nigerian Enterprise Promotion Decree popularly called Indigenization policy.

3.6.3 Indigenization Policies in Nigerian Economy

Haogvelt (1989:56) has argued that Indigenization efforts in Nigeria dates back to 1946 when the Government set up the Nigerian Local Development Board (NLDB) with the aim to grant loans to Nigerian Owned Enterprises. This he argues was in reaction to the monopolistic activities of Giants like United African Company (UAC), John Holt, with conflicts arising from Local business interests and the big Foreign Companies. From here, a national committee on Nigerianization was set up in 1956. Its major recommendations that it barred aliens from the distributive trades which was accepted in the early 1960s but never implemented seriously. And in 1968, an expatriate Quota Allocation Board was established to encourage and assist Nigerians in the task of participating or being able to be in the Senior Management positions of foreign business organizations.

Forest (1993:153) has stressed that these efforts rose more in the early 1970s after the civil was with stronger and more coherent group of traders. The indigenous business group in Lagos was strong and the Lagos Chamber of Commerce and Industry attacked the credit policies of

Commercial Banks and the record of the Nigerian Industrial Development Bank (NIDBs) for favouring foreign enterprises, and argued for more Nigerian equity participation. And hence in 1971, Commercial Banks were instructed to give 35% of loans and advances to indigenous business people who also received more favourable exchange treatment from the Central Bank.

3.6.4 The Nigerian Enterprise Promotion Degree No. 4 of 1974

It is a historical reality that the first indigenization Decree known as the Nigerian Enterprise Promotion Decree (NEDO; 1972) was promulgated by the Gowon regime. It was this that established a legal framework for implementing nationalist economic policies conceived in the second National Development Plan (John, 1986). These policies according to the plan were aimed at reducing foreign economic domination of the economy, reducing the earning leakage; accelerated Nigerianization of the Private Sector, and attainment of a high degree of self-reliance for the National economy (FGN, 1972:228-289). The Decrees objectives were:

i) To control the commanding heights of the Nigerian Economy through the outright nationalization or Joint Participation with foreign private capital.

ii) To achieve the transfer of equity capital to Nigerians and Nigerianization of the Private sector in terms of increasing the employment of educated and qualified Nigerians into decision making positions in business enterprises.

iii) To creating opportunities for Nigerians especially Nigerian business men, and

iv) To raise the level of intermediate goods production by delimiting the activities of foreign capital into the Sectors requiring sophisticated technology and management

skill not easily found in Nigerians (NEPD, 1972).

To achieve this the Decree classified business enterprises into two sections: - Schedule I and II. In the first schedule were 33 enterprises which Nigerian must have an equity participation of not less than 40%. All enterprise stated here were exclusively reserved for Nigerian citizens or association (NEPD, 1982).

To achieve full implementation, the following were established: Nigerian Enterprise Promotion Board (NEPB), the Capital Issues Commission (CIC) (now Securities and Exchange Commission), the Nigerian Bank for Commerce and Industry (NBCI), the Centre for Management (CMD) and the Industrial Training Fund (ITF). While older institutes like Nigerian Industrial Development Bank (NIDB), Nigerian State Exchange, Educational Institutions like Universities and Polytechnics were reconstituted, their policies revised and streamlined to serve the objectives of the indigenization policy (John 1986:95).

One of the major assessment of the Indigenization Decree and Policy was the Industrial Enterprise Panel Report which was set up on 17th November, 1975 (Ibid, 89). The report noted a negative performance on the Decree. It noted the dubious deals arising from acts of Nigerian in collaboration with foreign firms. It thus noted that even the Agencies to implement and monitor the enforcement of the Decree were incapacities because of lack of legal powers to fully do this. This resulted in another Decree - The Nigerian Enterprise Promotion Decree 1977 (NEPD, 1977) which was back dated to 29th June, 1976. The Decree restating the fact that Indigenization exercise was all to promote and protect Nigerian participation in all areas of the economy. This also witness the emergence of a newly reconstituted Nigerian Enterprise Promotion Board with stronger powers to seal up defaulting enterprises, take over, sell or dispose of such enterprises.

It also made efforts to spread shares among Nigerians to avoid the concentration of wealth in few hands (John 1986:91).

The New decree listed three schedules as follows:

i) Schedule I: 40 Business which only Nigerians will own and operate.

ii) Schedule II: Contained 57 Enterprises in which Nigerians must have 60% of the Equity.

iii) Schedule III: Contained 39 Enterprises where Nigerians were expected to own 40% equity. These were those that require large amount of capital appreciable technical and managerial expertise which most Nigerian business generally lacked (John, 1989, NEPA 1977, Appendix I).

In Assessing the Indigenization of Nigerian Business and Industry Bierstaker (1980) and John (1986) have documented how foreign firms used various strategies to subvert the success of the Decree. Among these they listed are fronting, public sale of shares to dilute, concentration of shares in indigenous hands, technical services, agreements, two-company strategy, change of voting rules, bribery etc. Thus John (1986) concluded that either in management control or in joint venture enterprises Indigenization could not bring self reliance because it intensified foreign domination due to lack of purposeful leadership and technological development. And as Onimode (1985) notes, Indigenization failed because it emphasized consumer good importation as opposed to machinery and equipment for industry. And thus local industrial efforts could not compete with better imported produced goods.

Thus Hoogvelt (1989:67) sums that:

> The Indigenization Programme has been effective mainly as a devise for harmonizing foreign interests with the financial interests of a small class of indigenous entrepreneurs. To the extent that government has made funds, through banks to permit this small class to buy shares and at the same time has implemented its indigenous programme in away that depressed the compensation to be paid for foreign equity.

It is this dominance of foreign capital then on the Nigerian Political Economy that the next section seeks to assess.

3.7 The Role of Foreign (International) Capital on the Nigerian Industry and Economy

Much of the review on Nigerian Industrialization bid and the crisis in the process heap much blame on foreign capital or International Capital. It is on this premise that we embark on an assessment of International Capital, its effects on national economies and Nigeria in particular.

3.7.1 International Capital and World Economic Development

The issue of capital operating outside its national boundaries was first advanced by Adam Smith in his wealth of nations. He laid the general position that the growth of Nations was predicated on the productivity of labour associated with the technological determined division of labour. Secondly, he posited that the accumulation of capital associated with the internationally determined extent of "Parsimony" - science of production. He emphasized that foreign trade by widening the scope of the market, improves the division of labour and thus raise productivity within the exporting country (Smith, 1937).

Karl Marx (1956) attributed with the theory of economic development and the role of

capital, developed a theory which was based on:

(a) providing an economic explanation or interpretation of history;

(b) The narrow respect of specifying the motivating focus of capitalist production and development and;

(c) A suggestion of an alternative path to planned economic development.

And in his major work on capital (Ibid), he identified capitalist production or development as function of profit making at the expense of wage earners (consumption). Therefore, he argued, that the externationalization or internationalization of capital is principally for the profit motive of such an exporting country.

Lenin's (1978) theory of imperialism was therefore, an attempt at applying Marx's method to the study of economic and political development which brought about the first world war and the stage which capital had reached then. This stage he called monopoly capitalism which to him is the highest stage of capitalism. Here, because of higher cost of production and insufficient demands in the metropolis, owing to low wages, there was need to find markets by capitalist. Central is that he points the limitations and there are indeed limitations to this theory with the sudden emergence of indigenous industrialization in the periphery. But his emphasis on the central role of finance capital in accentuating this process of capital movement using Banks or financial oligarchies and the role of monopolistic combines resulting in the annexation of the economies of developing countries is not in doubt.

Marx, it has been argued divided capital into three functions; Industrial Capital (Productive Enterprises, including Capitalist Agricultural Enterprises), Finance Capital (Banks and similar

capitalist enterprises dealing in money capital), and Commercial Capital (Merchant's capital; buying goods rather than producing them) (Brewer, 1980:4). Hilferding (1970) has stated that the differentiation of industrial and finance capital was a characteristic of the era of competitive capitalism but disappeared in the epoch of monopoly capitalism. Finance capital he therefore, stress is the fusion of industrial and finance capital. He states that as Banks deposits grow and opportunities for investments in commerce decline, the Banks are effectively forced into investing directly into production.

Thus, finance capital agreeing with Hilferding is that part of total capital which comes into the hands of industrial capital via Banks or the financial system. Hence he says, it represents a functional unification of finance and industrial capital to regulate and control the process. In the worlds of Hilferding:

> Finance capital marks the unification of capital. The previously distinct spheres of industrial capital, commercial capital and Banks capital are henceforth under the control of high finance in which the magnates of industry and the banks are closely associated. This association, which is founded on the suppression of competition between capitalists by the great monopolistic combines, has of course, the effect of changing the relations between the capitalist class and the state (Hilferding, 1970:407).

It has therefore, been summed that the international movement of capital arose on a really large scale around the 1870s and reached a peak in the years immediately before the first world war. This geographical spread of capital (region to region, sector to sector) is seen as normal part of capitalism. Because capital seeks out the cheapest locations of production for production, the most favourable natural conditions and the richest natural resources, thus, investments (Brewer,

1980).

Tenuche (1995:35) has argued that one way industrialized countries derive gains from externalizing their capital is by refusing to part with their technology as it is one of the major weapons that other societies need to be able to generate and tap their own capital and their resources. By refusing to part with their technology, they will then be in a position to continue to exploit the developing societies to their own advantage. Leoyd Vasey (1978) gives us an understanding of the fact that since the end of world war II, the United States has provided leadership and security that has made possible the impressive economic advancement in the Asian region particularly Korean and others through massive capital and military presence. Robert Wihtol (1979) has shown how the United States have been deeply involved in the fundamental decision and running of the Asian Development Bank. Rechman Sobham (1979) also submits that the massive industrial build up in Korea had much to do with massive Japanese and `United States" capital and technology which accelerated the development efforts of the Nascent Korean Bourgeoisie. This was accompanied by the injection of large United State' aid which created conditions for rapid industrialization and growth of a powerful National Bourgeoisie.

The phenomenon of Foreign/Direct Investment (FDI) can generally be defined as the inflow of financial industrial resources from an external economy. The history of foreign capital can be traced to that of International trade - what started as barter trade later progressed into the use of financial instruments which later had to evolve into international financial transactions (Imogu, 1989:3). According to Imogu (1986): there are essentially three types of foreign finance, namely:

(a) Direct Foreign Private Investment

(b) Foreign Aid;

(c) Direct Foreign borrowing of this component of foreign finance, the major component is direct foreign investment.

It is this concept that we shall be using to assess foreign investment in Nigeria.

Thus, according to Imogu (1986:4):

> Direct foreign investment is that kind of foreign finance inflow whereby the foreign creditor elects to run the project being financed externally, either wholly or in collaboration with indigenous investors... This financial inflow could involve actual cash inflow (in any Euro-Currency) or by way of importing equipments/materials, manpower and technology into the needy economy.

It has however, been argued that the economic and social changes brought about, for better or for worse, by direct, private foreign investment or DFI in developing countries is so much that we have to appreciate the issues more than they present themselves as more issues of financial flows etc, (Thomas 1976:1). This is because D.F.I gives the investor direct control over the management and use of the capital flows in the receiving enterprise, usually a wholly or partly owned subsidiary, affiliate, or branch. It therefore, represents an extension of the foreign enterprise. The point however, as Thomas shows using African countries, is that though it has helped in Post Colonial Development DFI in terms of profit and genuine technological development has been skewed so much to the disadvantage of the developing countries (Ibid). And using the examples of Kenya and Tanzania, Walter Chudson (1976) argues that the dependence on FDI is necessary for development countries if the developing countries are determined and

committed to their guinue development.

3.7.2 Foreign Directed Investment and Nigerian Industry

The import of foreign directed investment on industrial development in Nigeria is that Africa generally is trying to attract foreign capital. But it is argued that even among Western Scholars, there is no agreement on whether F.D.I is the answers to, Africa's (or Third World Countries) development problem (Tandon, 1998:7). Therefore, F.D.I. it is argued has been intensified in the 1990s because of end of cold war. Hence investment in technology are necessary rather than hard cash all in the name of getting alliances which were before then (cold world era) got through aid. That is why it is further argued FDIs even now are a way of exploiting the resources. The US for instance has bulk of its FDIs in oil exploration, for cheap oil alone saves the industrial world billions of dollars (Tandon, 1998:8).

In talking about foreign directed investment and Nigerian development, scholars have expressed various opinions. It has been argued that when we view development as moving beyond the pre capitalist modes, we must then be interested too on how such countries can establish their capitalist development with or without foreign capital (Nnoli, 1981). But Williams (1980:35) points out that whatever conception we have on the State of industrialization in Nigeria the fact remains that a background was laid for a good take off:

> The development of the colonial economy established the materials and institutional foundations for the development of the Neo-Colonial Political Economy. The integration of Nigerian producers into the international exchange economy expanded the market to the point where the international market could sustain the development

> of capitalist manufacturers, given appropriate subsidies and protection by the state. The War-time establishment of the produce marketing Boards established the institutional means for the state appropriation of surplus value of peasant production. Indigenous rulers could use them to finance party political activities, line their pockets, accumulate money capital, and finance industrial development both directly and indirectly. Thus the marketing boards could be used to finance industrial investment, and establish an indigenous capitalist class.

Beckman (1981) on his part even points out that post war industrialization in Nigeria was championed by foreign firms. He states that Unilever, United African Company turned from produce buying to manufacturing well before there was any nationalist pressure for the transition. In fact Terisa Turner (1981) says if we must talk of the problem of lack of industrialization, we can only blame the Nigerian local businessmen who refused to use their relationship with foreign capital (businessmen) to develop first a strong commercial base and later industrialization.

Closely linked here is the position that economic development and underdevelopment are different sides of the same coin. This is explained in terms of the fact that developed countries were developing industrially at the same time exploiting Africans in their development process. In the Nigerian case, during colonial period, it was possible huge exports values were made but the terms were unfavourable to Nigerians, while most of the surplus generated were transferred to Britain through exploitative pricing. Producer incomes associated with these exports values under the marketing Boards system were generally much below the world prices (Onimode, 1982).

In fact, it has been argued that foreign capital never completely hindered indigenous industrial development. Mustapha (1983) said that by the 1950s, there was evolving mass requests for establishment of weaving and spinning industries in Northern Nigeria. He says the tempo of industrial activity in Kano which rose by mid 1950s making it possible for limited facilities for

industrial development for instance, water, land and electricity etc, shows the possibility of emerging industrial prospects whose traits of success have remained till today. Thus, from 1954 onward, the new Bompai industrial area was planned and implemented. But this industrialization could not go beyond its initial import substitution base because of lack of consistent and coherent industrial policy.

Hamza Zayard (1994:83) has also shown that massive private investment at independence accounted for about 70% of total industrial investment and over 90% of investment in such areas of basic needs. These included chemical production and vehicle assembly with no less than 60% in other manufacturing sectors. And despite the seeming posture of independence hence the position of a true National State redirecting such a development process, in reality the Political Independence itself was rooted and nurtured in an imperialist dominated Nigeria where the project of capitalism was not the development of a Nigerian capitalist state but creation of a satellite economy that would fulfil the objectives of imperialism.

Bangura (1986) and Iyayi (1986) complement this with the position that the major modes of accumulation in the post colonial era in Nigeria were the metropolitan deterministic mode, the primitive accumulation process by the national bourgeoisie, and the petty commodity at the expense of majority of the dominated classes, especially the peasantry and semi-procetainized.

Aboyade (ND), Gana (1982) and Belabo (1972) have stated clearly that the extent of foreign capital or investment in Nigeria became glaring when the indigenization programme was set up in Nigeria. For it was at this juncture that it was explicit that investments of as much as or less than ₦400,000 which were mostly petty trading activities, were even in the hands of

foreigners particularly Lebanese.

Interesting about the role of foreign investment in Nigeria is that because of the nature of Nigerian Neo-colonial political economy which, provided a basis for rather deindustrialization, indiginization was rather aimed to push foreign capital to invest in heavy or capital intensive industrial projects. Worse is that at the end of it all, even the businesses that were reserved for Nigerians were taken over by foreign capital as Nigerian's simply fronted on behalf of them (Forest, 1995).

It has been documented that despite the mass earnings from oil revenue during the indeginization era, the industrial and manufacturing base was still at the tertiary level, and rather there was mass importations of manufactured goods which increased by nearly 50% between 1976 and 1978/79 and nearly doubled by 1981 when it was as much as ₦2.6 Billion. Also the importation of machinery and transport equipment increased by 121% between 1976 and 1981 (NEC, 1983:1). Also, capital equipments imports increased by 15% between 1974 and 1979 and by 20% between 1978 and 1981 while raw material imports increasing by 110% and 100% respectively. And by 1981 capital and raw material imports necessary for the kind of industrialization that was being pursued had reached a level of 5.7 Billion Naira (Bangura, 1986:80). The implication was the massive expenditure of resources of the country recklessly without any viable productive results to raise the economy to full self sustainable productivity.

These expenditures led to massive international and foreign borrowing. International public debt rose from ₦4.6 billion in 1979 to ₦22.2 billion in 1983. The country's external reserves put at $8.50 billion at end of May 1981 could not by May 1983 support 2 months imports

(Olukoshi, 1989). Most of these imports were on food items which alone amounted to ₦987 million in 1979, ₦1,416 billion to ₦2,198.3 billion in 1980 alone. And most of these contracts as was later confirmed were not done or were totally fictitious (Mohammed, 1986:7).

Hence, the collapse of the oil revenue from $22.4 billion in 1980 to $16.7 billion in 1981 and to $12.8 billion in 1982 created problems for the economy (Bangura, 1989). The manufacturers association of Nigeria in a Survey by 31st July, 1983 showed that a total of 101 companies had within 12 months closed for a period between seven and twelve weeks involving a labour force of 20,000 (Bangura, 1994:61).

Foreign private investment in Nigerian manufacturing in all, amounted to ₦641 million in 1975, ₦607 million in 1976 and ₦780 million in 1977. Some of the funds were mostly from advanced capitalist states, multi-lateral corporation like World Bank, International Monetary Fund (IMF) for agricultural projects etc. And by end of 1993, public external debts had reached US$18.5 billion (CBN, 1997).

It can therefore, be summed that, international capital in origin, content and practice was exploitative to the disadvantage of the developing countries, creating a basis and situation of dependence. However, the practical reality has been that the level and rate of development in a developing country depends on how it related with international capital and in the process consciously extracted or was allowed to extract resources or copy this foreign technology and development technique. In fact Murad Neposoy, has stated that even the Soviet Union depended a lot on foreign technology. That even in the early hot days of socialism e.g. in late 1920s, a delegation of Soviet Union workers, engineers and scientists visited the United States with the aim

of getting acquainted with the technology of tractor manufacturing. And during the 1929 and 1933 periods of World Economic depressions, the Soviet had the opportunity to buy some machinery and equipment abroad worth 314 million gold rouble. Of this, 255.7 million rouble worth was heavy industry. The point however, is that although this was very small in relation to domestic efforts, nonetheless, the centrality of foreign or outside inputs to indigenous development efforts is not new. In the Nigerian cases, it must be asked to what use this was put to? Or what level of participation is this permitted to? And as we have seen, the indigenous Nigerian bourgeoisie was quite satisfied in playing an Auxiliary and anti nationalistic role in this relationship. Thus, International Capital or F.D.I has not helped to improve the industrial fortunes of the country much.

3.8.1 THE DEVELOPMENT AND ROLE OF SCIENCE AND TECHNOLOGY IN ECONOMIC AND INDUSTRIAL DEVELOPMENT

An understanding of issues of science and technology in analyzing issues of development are first premised on the fact that any policy on national development that does not pay serious regard to technology is deficient. But Lazarus Etuk (1997) observed that Nigeria is still far from this. He argues further that all countries that have achieved this like Korea and Japan have invested successfully into science and technology. Although Nigerian policy makers have acknowledge this, Unegba and Oloride (1993) have explained that their attitudes towards implementing sound technological break through policies have been lacking greatly.

The concept of technology or technological knowledge seen as a way of doing things through the application of knowledge derived from systematic investigations of natural forces of materials, this as the national policy on science and technology states leads to the development of processes and devices indispensable to the stable enhancement of the quality of life and to human existence (NPST, 1986:35). Crucial to note here as Amdi (1989) states is the fact that it is this application of certain special knowledge which has enabled the developed countries to be where they are now. But he stresses that in developing countries like Nigeria, technological policies are sluggish which impends self reliance.

Hollis Chenry, et. al. (1991) have made specific categorizations of the linkage or relationship between technology and industry:

i) Technical capabilities of industries: These refers to skills - Technical managerial and organizational which are necessary for enterprises to set up a plant, utilize it efficiently, improve and expand it overtime, and develop new products and processes.

ii) Industrial technology development (ITD): This refers to the growth of these technological capabilities. ITD is a necessary and integral part of efficient industrialization at all levels of development.

iii) In most developed countries ITD means the ability to become more efficient, master technology to use for your development (adoption, import, design, engineering development and innovation) within the technology that the country utilizes.

iv) The capabilities might not be available nor are they even easily transferred from abroad etc. Thus a strategic decision has to be made to invest in more risky and prolonged process of gaining the extra knowledge and skill required.

v) Access to foreign technology is a crucial determinant of ITD. It provides initial ways of gaining the initial input of a new technology. It reduces the task of the recipient if accompanied by skills, training and other assistance etc. Restricting of such access raises ITD enormously or can retard the process.

Another major issue to raise is that science and technology has a direct relation with industrial and economic development. This is because according to Lall (1981), industrialization is a product of high technological development, Lall (1985) and Najmabadei and Lall (1985) thus, accept that the success of industrialization in developing countries depends on how well they learn to acquire and use technology. In fact Thomas (1975:2) states categorically that the major reasons for differentiation in output growth between developed and underdeveloped countries is the vast technological development in the former to the exclusion of the later.

Technology and technological progress it has been argued have as their major underlying factors the development, growth and dissemination of knowledge (Thomas 1975:3). Thus Mansfied (1968:10-11) argues:

> Technology is society's poll of knowledge regarding the industrial arts. It consists of knowledge used by industry regarding the principles of physical and social phenomena... and knowledge regarding the day-to-day operations of production (such as the rule of thumb of the craftsman).....

> Technological change is the advance of technology, such advance often taking the form of new methods of producing existing products, new designs new characteristics, and new techniques of organizations marketing and management.

Principally in the discussion are the lack-of-technology theorists (Reynolds, (1975), Hayanii and Ruthan (1971), and Ruthan (1975). They all argue that the direction of technical change can be regarded as endogenous, as a response to relative resource availabilities and resource prices, they agree that a country gets innovations it needs if research is directed towards raising resources whose relative prices is rising. This sees development, technical and institutional change as endogenous to the development of the economic system. It also stressed the fact that the public sector is crucial in helping to advance technology. Thus for the state to develop it has to have the capacity to introduce technological innovations which will then raise productivity of the economy beyond the tradition substance economy.

Within the Nigerian context it has been observed that technological development has been low or nearly absent. This is in spite of the various technological innovations and development perfected as used in the pre-colonial era (Amdi, 1989). But this never survived because colonial technological strategy was based on transferring science and technology of Agriculture to serve British industries and at all. Thus, they emphasized diffusion as a model to encourage borrowing technology outside (Gregori 1969:66; Ake, 1981). But even in an African general context, the development on S & T is a recent thing dating back to the Mid 1960s. Its process and general nature showed it had little contribution from DFI. It was in fact the 1964, UNESCO conference in Lagos on the "Organization of Research Training in Africa" that raised the fundamental question of a national S & T policy which will coordinate S & T activities. A follow up was the

1967 Yaounde Conference in Cameroon which stressed this and the need to all Governments to set aside 0.5% of GNP to research (Thomas, 1976:46). The UNESCO (1971) decree proliferation of research institutions in African and their emergence in the 1960s without proper planning particularly by Government left most underutilized. Thus their (universities and research institutions) relevance to national planning is less.

In Nigeria it was the establishment of NCST in 1970 as a national policy making body, that witnessed a major attempt towards a national policy on S & T. The second national development plan also came to recognize the need to initiate schemes designed to promote indigenous manpower development in the industries sector (FGN 1970:143).

3.8.2 TECHNOLOGY TRANSFER AND NIGERIA'S INDUSTRIALIZATION

Technology it has been argued can be transmitted across countries through a large variety of channels, ranging from official technical aid, migration, scientific communication and exports of equipments, licensing, direct investment, Turkey project (setting up an entire production system), Training and Consultancy for Manufacturing, licensing know how and management/technical services etc (Lall, 1980:230).

Odunfa (1993:8) has argued that apart from going for training to acquire targeted desired technology and licensing of patents, technology can be acquired through stealing. This he says is what is referred to as piracy or industrial espionage. But he contends it is sanctionable because it is illegal.

Lall (1981) and Keesing (1978) have identified the central roles of multinational corporations (MNC) in getting technology to developing countries. But they note the limitations of this on domestic capabilities to assimilate, improve and export certain forms of technology. Despite all these, Thomas (1976:41) observes that the "transfer" of technology through DFI is, by its nature is highly restrictive and expensive. Although it provides the respective recipient D.Cs with the opportunity to take advantage of the fruits of heavy expenditures by foreign firms in the trial and error of research and development and in subsequent technological innovations, the private and social benefits are generally low. However, he states that the fact remain that foreign companies brought technology to Africa in terms of products, concept and processes. The problem is that the absorption has been gradual and slow. He therefore, summed up that what we need is to know the conditions which hinder the absorption of this transferred technology and how it can be overcome.

In talking of development in less developed countries, Paul Kennedy's position must be accepted in his praise of the Ghanian Bourgeois and their role in indigenous development efforts. He says:

> In any case, very few countries in the world can hope to achieve or retain industrial self sufficiency (of any other kind), as technology advance world economic interdependence continue to increase (Kennedy, 1977:37).

In any case it must be stressed that it is natural to learn from somebody who knows better than you. In doing this, you acquire skills and then expertise. The crisis therefore, is when after learning, you produce poor results. Nigeria does not lack human and material resources to learn

and perfect all these years. Thus poor technological results must be traced to specifications. This is because positive results will rear when industrials technological ownership and management by Nigerians exhibit efficient market strategies and competition. The point here is that it is necessary for Nigeria to make its own efforts no matter how limited they will be for it is becoming clear that There will never be a time when those who enjoy technological monopoly will willingly transfer it. Those who desire it should acquire it now otherwise they stand to be liquidated in the new international Economy.

Two things should be noted here first, that technology can be copied successfully if the determination and willingness is there. This can be achieved if there is proper direction through an organized state and private sector. It has been argued that even the Soviet Union copied from countries like the United States in their industrial development efforts through industrial visits etc (Nepesov, 1983:17-18). Secondly, most industries in countries like India, South Korea, Brazil were conceived at the same time and along the same line as those in Nigeria and with similar programmes and policies. But they have made giant strides while we are still achieving little results with the same industries (Osifo-Whisky, 1996:5) which means we have in place technological machinations and tools. The problem is the will and determination to achieve the desired positive productive results.

It is therefore, argued that you can have sophistication in technology really not from technological transfer but from learning to develop an indigenous national capability to do it yourself. From here you can become more and more sophisticated and the earlier countries follow this line the better as Etuk (1997:2) observes:

> As technology become increasingly complete and sophisticated, the price a country has to pay to get in and learn how to do it themselves is getting higher and higher... it is good news if you have the social structure, the culture, and the political and managerial courage and strength to make those investments... on the other hand, if you do not have the culture, society, political structure and managerial competence to enable you to make those investments you are going to be in more and more trouble.

Olusegun Oladipo (1994) have stated that any analysis of the role of science and technology as key factors in Nigeria's development history must start on the historical note that Nigeria is a country in a hurry to develop, but have not been able to establish the socio-cultural parameters on their growth and application. This has led to the adoption of wrong notion of development - the technologist notion of development, requiring essentially technical solutions. In fact it is argued that this is why our national educational policy over the years have emphasized more on scientific and technological development with more ratios for science than humanities (60:40) and more colleges and universities of technologies (and agriculture) and polytechnic have been established (NPE 1981:23).

Thus, it is within this that Achebe (1985:15) states that for the leadership in Nigeria to achieve this development, it needs some experts who would be able to find solutions to technical education. But he insist that this must be done along with a search for abiding values which can develop the right kinds of attitude to our society and its institutions. And for this to survive and become patternalized, Ade Ajayi thus submit that we must therefore have a sense of history since development is an activity in which the old is replaced by the new in a mechanical manner. It is the enduring elements which are sometimes identified as tradition. Thus non appreciation of history and hence inability to build a community of people united together by shared aspirations

and values the nation shall not just suffer but values will continue to remain superficial and ephemeral (Ajayi, 1983).

3.8.3 THE ROLE OF RESEARCH AND DEVELOPMENT IN DEVELOPMENT OF S&T AND THE ECONOMY

It has been stated that from a historical context the general structure of Nigeria's manufacturing activities lacked-high level technological requirements. This is because some or most of the industries performed some minor operations that had no incentives for R & D e.g. oil milling where minor processing was done and the semi processed good was exported. However, the value added could have been great if the necessary technological investments were done (Thomas 1975:40).

Thus, studies done by UNESCO in 1970 and 1971 survey by National Council for Science and Technology (NCST) covering all manufacturing establishments (about 800 establishments employing Ten or more persons), showed that only 40 companies reported something on R & D in Nigeria.

Ukwu (1992) thus argues that apart from the fact that learning and research which is crucial to development but not paid attention properly by public policy in the country, he identifies the major constraints to technological development as lack of proper linkage and fruitful interaction among the major interests involved (in R&D i.e. research organizations government and the private sector).

Many other scholars have agreed with the above using agricultural policy (Akinola, 1992), particularly on the issue of marketing acceptance and utilization of research funding by private and public sectors (Ajakaiye, 1992). The issue of actual utilization of research findings (Ikwele, 1992) have all noted on the lack of attention given to research and the non-integration of research development into the body of national planning and development, giving rise to no proper and functional role of R & D.

It has been observed that though it looks easier to borrow technology from advance a countries (ACs) however, the differences between DCs and of ACs in resource endowment and the technological environment clearly underscores the need for the promotion of industrial research specifically for the adaptation of imported technology for local conditions and needs (Thomas 1975:40).

Technological innovation basically is a culmunative process of learning and experience, making mistakes and taking risks, which is initially quite costly and perhaps unproductive, but which must be undertaken seriously if LDCs are to build up any capacity to do things themselves. Hence the actual policies of governments operating in the sorts of political social environment mentioned above must ensure that there is still independent research geared towards local needs and that there is practically industrial demand for whatever is produced. Therefore, the given patterns of consumption dictate the pattern of industrialization and technology utilized; they necessarily employ a heavy reliance on technology in the sophisticated products demanded local R & D cannot hope to compete with foreign R & D and local R & D never get off the ground because it never gets over the large initial barrier of learning, making mistakes, gaining confidence and building what Charles Cooper calls the organic links with industry and society (Lall, 1981,

Cooper 1974).

Emovon, and others (1997) concluded that R & D is key to a country's development. And that countries like India, Japan, South Korea which have invested heavily in R & D are utilizing the benefits now. Government should therefore focus on education and manpower skill formation and a proper funding of S & T. This they argued will be possible if the educational system particularly universities and polytechnic are overhauled to addressed research properly. To achieve this, John and others (1992) and Wangwe (1992) have observed and stressed that Nigeria's industrialization must have more inputs within than without (which have dominated it). In order to achieve this, the nationalists state and local entrepreneurs must take over the initiative and control. When they do this, they will determine the nature of S & T direction in terms of adoption of techniques etc. This can be done they argue if the will and proper incentive is put in place.

In doing this, the following will be achieved.

i) Providing trained needed manpower for industrialization

ii) Helping to harmonize industrialization in general and social development.

iii) Build a co-operation between research and practical achievement.

iv) Specifically, this is important because historically the training from industrial countries has been related to specific needs. Therefore, Most of them evolved from apprenticeship e.g. medical and engineering problems. In contrast in developing countries there has been less opportunity for this natural evolution and training. Since so much has been attempted in so short a time - industry and university have tended to develop separately making distinct and often unrelated contributions to

the economy. The result has been shortage of relevant skills in the industrial sector and underutilization of human resources in higher education system. When this linkage is done, Industry stands to gain through the following:

i) A supply of both qualified graduates having more relevant training of industrial needs have been identified.

ii) Access to a variety of post experience training facilities it has helped to designed.

iii) Access to the university physical facilities and the expertise of its staff.

iv) Access to research consultancy and data collection of the university improved public image in the society in which it operate which means that more talented students will be attracted to the industrial sector (UN, 1973).

University gains through:

i) The opportunity to assess the needs of the economy and to development its activities accordingly.

ii) The opportunity to place students in industry so that classroom learning can be related to practical experience.

iii) Assistance from industry in industrial curriculum development to ensure that curricula has been related to local conditions.

iv) Strengthening staff development by giving faculty members to practical experience.

v) Access to industries for both fundamental and applied research (UN, 1973).

The society will gain:

i) An improved return on investment in higher education

ii) A more effective educational contribution to economic development.

iii) Better utilization of human and physical resources

iv) Fewer of the social and political stresses that accompany unemployment of university graduates (UN, 1973).

It can be summed that, individual creativity and their practices have resulted in fantastic technological developments and break through outside formal training process (i.e. schooling and getting degrees or certificates in such specialized fields). Yelena Tifovs (1988) has shown how the activities of Gennady Khainor and Dmitry Parfenor resulted in the manufacture of the LAURA CARS and later the seven seater station wagon called OKHATA in the former U.S.S.R. But he states that the intervention of the state in such a process is necessary for mass production.

Dike (1979) has documentation details on Nigeria's successful adventures in this realm of self creative technological advancement using small enterprises in south-eastern Nigeria, which incidentally he states has remained an informal sector because of the non appreciation of the state of its existence and relevance in terms of intervening to encourage, broaden its production base. Forest (1990) has stated that this negligent attitude of the Nigerian state towards the growth of a Nigerian technology and enterprise (south eastern Nigerian) from its politics and consumption pattern the state and its policy directors have carved for themselves in Nigerian history particularly the post oil Boom era. This character of the Nigeria state has explicitly been earlier analyzed. Thus Ohiorhenuan and Polamina (1994) in a general African over view and Samuel Wangwe (1994) in a particular Nigerian case over view have all agreed that this is supposedly because of the gigantic but foreign oriented dependent industrialization with disregard to domestic needs and discouraging of domestic production initiatives. The result was a false sense of boom and lack of

a systematic framework for technology transfer in the 1970s contributing to this contemporary poor performance and crisis.

Thus to reverse this trend focusing specifically on the Nigerian automotive industry, Ailu (1989:62) argues that technological know how is a major solution to the problems of the industry. This he stress requires that our institutions of technology should be so properly financed and encouraged to be able to develop and become sources for all auto parts.

3.9 ECONOMIC CRISIS, STRUCTURAL ADJUSTMENT AND DE-INDUSTRIALIZATION

It is important to start the discussion on the crisis in the African state with where we are: Africa is, as it has been recognized by all in a serious, economic and cultural crisis. Thus using both quantitative crisis and qualitative analyses as Assu - Lumumba and Lumumba - Kasongo (1994:9) stress, Africa has become globally and structurally very weak in many forms. By 1992, it had a debt of 280 billion dollars, a debt ratio which accounted for 241% of exports and 48.6% of GNP, the population growth of 3% annually and political struggles which have led to civil and ethnic wars in many parts of the region.

And even back in the 1980s Claude Ake (1985:11) had observed that:

> This is indeed a time of crisis, crisis of confidence in ourselves, a crisis in our economic and political lives. On the political side, the general tendency has been a failure to consolidate the gains of anti-colonial struggle to concretise and advance our determination. We have settled for the breeding of corrupt, inefficient and irresponsible oligarchies. Fascism, military rule and political disenfranchisement of the masses and in some cases virtual return to the domination of our masters.

In Nigeria, the story has been one of great potentials been shattered by an astonishing degree of embezzlement and a perennial failure by its managers. Thus, since 1960s, the performance of the economy has been very poor and total non-sustainable, and unsteady expansion (Farugnce, 1994). According to Buhari (1998) the failure of indigenization strategy and the eruption of major economic crisis in the 1980s led to the introduction of the structural adjustment programme SAP to Nigeria by the dictates of the International Monetary Fund. Of course Bangura (1986) observes vividly that this relation with IMF and fiscal SAP package dates back to the 1970s. But the reality of the situation was the total collapse of the economy accompanied by lack of productive activities (Aluko, 1986:21). This has been with a growth rate of 2% between 1980-1986 (Farugue, 1994:239).

3.9.1 STRUCTURAL ADJUSTMENT PROGRAMME (SAP) AND INDUSTRIALIZATION IN NIGERIA

The introduction of the SAP in Nigeria was on the continued worsening of conditions in industrial production as policies of counter-trade and materials fared best. But industries that relied on assembling of imported, parts like vehicle assembly plants and electronics were forced to close down or reduce output (Forest, 1995:218-227). While in the diversification of the economy, available records have still revealed that oil is still contributing over 80% of the revenue (UBA, 1991:2).

External debts reduction was not helped either. It rose from 23.4 billion to 30.9 billion at the end of 1992. Thus areas of interest and principal of foreign debt alone stood at 27.4 billion

by 1998 Budget. And for that, manufacturing generally has been a disaster. Overall growth of GDP was at 4.7 percent between 1984 and 1996. Manufacturing however, grew at 4.9 percent initially before it fell down. Industrial output in fact fell by a quarter between 1991 and 1994 initial gains from manufactured exports could not be sustained and were worth only ₦40 million in 994. This made them to be under half of their 1991 levels (Forest, 1995:242).

From a general analytical point, the African centre for monetary studies found that in the early 1990s, of the 7 countries surveyed showed appreciable deterioration in many areas of economic performance after Structural Adjustment Programme (SAP). Research report at the United Kingdom's Development Institute suggested that 45% of IMF programmes in Africa during the 1980s had broken down. And even the new generations of SAP designed by IMF and World Bank, the United Nation Conference on Trade and Development observed, are broader in scope and more oriented towards growth and development yet may not be up to the task (African Recovery 1990:22).

The negative results from SAP are adduced from the fact that the social costs always threaten to outweigh the benefits from the Adjustments. In fact, the then Sierra Leonean Central Bank Governor Abdul Turay, warned that the effectiveness of current SAP in achieving the desired ends are in doubt. And that the rigidities and bottle necks in our economic structures defy adjustment by traditions preferred by policy instruments of the Bretton Woods institutions battering for spare parts and machinery, and other raw materials had little effects. (African Recovery, 1990:22). The objectives of the programmes were to:

i) To restructure and diversify the productive base of the economy to reduce over

dependence on oil sector.

ii) To achieve a fiscal balance of payment viable over the years.

iii) Lessen dominance of unproductive investment and intensify growth of the private sector.

iv) Reduce inflation

To achieve this the following measures were adopted.

i) Realistic exchange value through the Second Tier Foreign exchange market.

ii) Trade liberalization

iii) Commercialization and privatization in order to bring productivity.

iv) Remove government subsidies (Forest, 1995).

Hamza Zayard (1994) has argued that the spirit behind SAP was against the background of the resurgence of monetarism and the ideology of laissez-faire in western countries. This new policy emphasizes principally the control of the economy with increased private sector investments and greater operation of market forces. Sa'ad Usman (1987) thus states that the advent of SFEM was therefore, good for industrialization since over 82% of the total foreign exchange went to the industrial sector and of which half went to raw materials.

SAP was supposed to establish a realistic exchange rate through SFEM. But the rate became more and more unrealistic. From ₦5.06 when SFEM was introduced in 1986 to ₦9.00 in 1990 to ₦82.00 a dollar in 1995. Thus the cost of importation of raw materials and spare parts became unbearable.

The central issues in looking at the import of reviewing issues SAP to a work of this nature is the fact that during the last decade international institutions (World Bank, 1983, 1984, 1986,

1994) have published so much evaluations on these programmes by African policy-makers. But the problems of implementation and sustainability of the initiative on development and industrialization itself became more apparent in the wake of general political and Economic crisis in Africa and Nigeria in particular (Codesria, 1994 No. 4).

Generally, there has been much on Adjustment and its costs on the people and economy (Freadway, 1989, Breadthing, 1975, Lucas, 1967, Could, 1968, Touruls, 1991, Galal and others, 1994, Bouton and Sumliski, 1996). All these focus on the need for improved capacity utilization based on low productivity arising, the social costs on the people and the extent of foreign dictates on the economy.

Adejugbe (1989:53) says that the fundamental theories to this SAP has been Adam Smiths invisible hand of free competition which lacks the necessary economic environment that can facilitate free competition for the attainment of optimum social welfare or the generation of maximum aggregate output. Moreso, the SAPs strategy of self reliance through promotion of primary products contradicts the strategy of promoting and building a manufacturing sector that depends heartily on local raw materials for he argues:

> The use of free competition and prize mechanism does not take into consideration variations in the market power of the participating establishments. Any policy that exposes the small-scale manufactures to competition with the giant domestic firms or the foreign firms appears designed to destroy the SSES/Small Scale Enterprises...
>
> Empirical evidence has also shown that the use of exchange rate mechanism to restructure an economy would inflict unnecessary damages on the weak groups in the society... balance and attainment balance of payment are in the longrun real constraints because the

> Nigerian economy is very much exposed to inflation. This raises the question of problem of insulating the economy from externally induced shocks (Adejugbe, 1989:54).

And as he states further Since 1987, industrial development in Nigeria has witnessed falling sales but high inventory of finished products. This was because of avenues for increasing level of sales through exports because exports are new and therefore, susceptible to teething problem. But more importantly, export promotion cannot succeed except it is backed by productive efficiency at home as protection cannot be obtained from foreign markets some developing countries like South Korea has been able to do this but Nigeria has failed.

Regionead Green (1999) has argued that these fatal failure of SAP policies can also be attributed to the fact that the policies were initially for 3 - 5 years and subsequently ended up to 7 - 10 years. Thus becoming open ended or more flexible-self adjusting models? In all, African recovery must come from raising export volumes and more emphasis placed on viable multi product export structures which unfortunate is given low priority by the IMF and World Bank.

In making a case why the Asian Giants have fared better, Ezenwe (1998) adds that access to Euro-Dollar capital markets allowed countries which obtain large volumes of credit to avoid influences of IMF conditionalities on economic policies. The large borrowers for instance it is argued were the NICs; Mexico, Brazil, South Korea and Philippines, accounting for 50% of total accumulated debt to Trans National Banks in 1980. Brazil in fact it is said provides a good example of a country all out to keep a high growth rate through a strategy of debt led development.

Summing up the major issues in the SAP discourse, Asante observes that:

> Over the years structural adjustment programmes in Africa have succeeded in providing a conceptual economic and political framework within which Governments have been encouraged to undertake a number of policy reforms, including the addressing of macro-economic balances such as budget deficits, exchange misalignments, rationalization... However, whether things like civil service reforms have really reduced man power costs and increased inefficiency is yet another thing where the public service and Bureaucracy has never ceased to be a place to develop a bourgeoisie class through primitive accumulation. Besides SAPs have been defined in the light of economic performance and financial aims and analysis so that the social aspects of `adjustments' have so far been overlooked (Asante, 1991:6) .

Lamenting on the destructive impact of SAPs on the economic productive capacities of African countries, Adedeji (1989) ask whether it is proper for us to forgo the pursuit of the goals of self-reliance, self-sustained development and National and collective self-reliance in preference to servicing our external debt and achieving balance of payments and budgetary equilibrium-goals that the most developed industrial economics have never been able to achieve on a sustained basis.

Commenting on SAP in Nigerian, Usman (1989) sums that the thesis of allowing the economy and political system to operate without any intervention does not in anyway make sense. That SAP has in fact battered industry to the extent that whole sub-sectors have had to close down; squeeze out by organized foreign dumping of a punitive exchange rate for the Naira and has indeed not facilitated the completion of the essential industry for producing feat steel or encourage the development of machine tool industry.

Therefore, we turn to agree with Asante (1991) who in turn agrees and re-asserts Adedeji's

prescriptions as to where lies the hope of Africa and indeed Nigerian. he lists five strategies for adoption namely:

1. a more vigorous pursuit of a human-centred self-sustaining development strategy and process;
2. greater encouragement of productive activities-in other words, the transformation of Africa form a primarily exchange economy to a productive economy;
3. greater democratization of the development process and greater accountability by policy-makers and public officials;
4. effective mobilization of social and economic institutions for the task of adjustments and transformation; and
5. renewed efforts to accelerate the process of economic co-operation and integration.

Therefore, SAPs must be seen by leaders and managers as an issue that has to go beyond the narrow preoccupation with short-term adjustments to embrace far-reaching policy reforms that will or aim to transform the very structures of their economics adjustments must be part and parcel of long-term developments processes and programmes in the country.

Thus it is proper to agree with Adejugbe (1989) that SAP needed to lay more emphasis on Adjustments in the production process. These essentially were costs issues. This is because any meaningful productive process should involve or include or devise ways to adoptability and flexibilities. In fact excessive integrative of the Nigerian economy with the world economy never permitted this. This is because it merely did increase the exogenerous factors over which the

country later had no control. Thus the self reliance and flexibility of the economy was seriously impaired.

3.9.2 SAP, PRIVATIZATION AND INDUSTRIAL ENTERPRISE IN THE NIGERIAN ECONOMY

It is argued that the issues of privatization and commercialization of public enterprises started with SAP. Obasi (1987), states as early as 1986, the Babangida regime embarked on this as one of the conditions of the IMF.

But Hamza Zayard (1994) argues that privatization in the Nigerian economy can be understood more from the time government got involved with the oil boom of the 1970s. Government then developed a large parastatal sector, incorporating economic - activities such as banking and insurance, oil prospecting, exploration, refinery and marketing, cement, paper and steel mills, hotels and tourism, fertilizer, motor assembly, plants, rail, sea and air transportation, sugar estates etc. But at the end of the 1980s the Nigerian government became the largest producer consumes employer and owner of property investor and house. It then had the largest assess and biggest debts. In fact the estimated 1500 public enterprises in Nigeria accounted for about 45% of fixed investments and public sector employment. However, he observed the 1983 presidential commission on parastatals examined the operations of all federal parastatals with a

view to determine the basis of their problems and general efficiency and concluded that the problems are:

i) misuse of monopoly powers by government

ii) politically motivated investment decisions

iii) defective capital structures resulting to heavy dependence on the treasury for funding.

iv) bureaucratic bottlenecks in their relationship with supervisory ministries.

v) mismanagement, corruption and nepotism (Zayyard, 1994:86).

Usman (1995) has shown how in 1988 there was commercialization and privatization of 146 enterprises - 111 for privatization and 35 for commercialization. The government established a technical committee on privatization and commercialization (TCPC) now Bureau for public enterprises (BPE) and gave it powers to coordinate and supervise the implementation of the programme. In commercialization 30 of 35 had full framework ready. The only ones not affected are the projects in the steel. The main objective here was/is to promote greater efficiency and higher productivity in the public enterprises by granting increased financial and managerial autonomy and encouraging them to compete among themselves with private companies in the same line. Hence the privatization and commercialization decree No. 25 of 1988 provided that such equity interests could be sold almost exclusively to Nigerians for two reasons:

i) The Nigerian capital market was able to absorb all the issues and sale of assets made;

ii) The legal and regulatory reforms that would make it easier for foreign investments to participate will come later.

It must however, be noted that the World Bank and most scholars create the impression that development is only possible or must be linked to privatization hence making it look like public enterprises are unproductive, unprofitable and always bond to fail. Nnadzie (1988) argues that because SAP never aims for real failed enterprise but rather a collaboration by foreign capital, private sector and government agents to loot is rather responsible for the dismay performance of these enterprises. He sites:

i) the report of Birstanfold Fosbrasulton commission of inquiry into African Continental Bank, Lagos in 1956

ii) the report of the electricity corporation of Nigeria tribunal of Justice Mohammed Bello Lagos, 1962.

iii) The report of Nigerian Airways Tribunal of inquiry under Justice T. O. Berclay Lagos, 1967.

iv) The report of importation of cement tribunal of inquiry under justice Belgore, Lagos 1976.

v) The report of the Tribunal of inquiry into crude oil sales under justice Irekiefe, Lagos.

Therefore it show that:

a) The private sector subverts and undermine public enterprise and siphone their funds as their main capital, use them to accumulate and leave them bankrupt and useless.

b) Bureaucrats and the military class who do this return to join the civilian counterparts as contractors who aided them to achieve this as millionaires (also see Aliegba, 1994).

c) Therefore pressure for privatization when all the major firms are with total tendencies to manipulate and export profit helps title.

However, in justifying Nigerian choice of state enterprises, Zayard (1994:89-90) argues that it is necessary to concede to the Keynesian theory on the necessity of and the role of the state in public sector participation in economic enterprise because:

1. African countries achieved political independence with multi farlous economic problems like lack of basic infrastructure, telephone, transport, water supply etc. The weakness of modern economic sector especially manufacturing industries depended on output - modeled methods of Agric production, lack of adequate indigenous capital technology and expertise to adequately exploit their natural resources and/or building the modern economic sector.
2. In the absence of a strong private sector to deal with all these, the governments used private enterprise to play a leading role in economic activities.
3. The public enterprise was considered essential for transforming the under-developed state of natural resources and other productive factors.
4. Welfare demands after independence was very high because their was object poverty, disease, ignorance etc, that needed immediate solutions. Government had to set to avert social and political instabilities.
5. And to do or achieve this, it promoted joint ventures with the local capitalists.

Ihovbere and Ekekwe (1988:797) have argued that why all these failed was because of the criminal looting of national funds and the promotion of particular interests over collective and national interest with total disrespect for the laws of the land. Ake (1985:16) had earlier observed that this attitude and the resultant non-productivity in the Nigerian economy can be seen in the fact that:

> The undiscipline and Anarchy within the Nigerian capitalist class has played a major role in reducing the prospects of capitalist development and deepening class contradictions and also jeopardizing the class interests of the capitalist.

Generally, it is argued economic and industrial success of countries like South Korea, Singapore, Brazil etc, have shown that the public sector has a crucial role to play in industrial take off. Thus, in these policy in conjunction with VIABLE public and other national private firms have been targeted for protection, priority allocation of resources utilization etc. It has been argued that Nigeria can also emphasize sector specific approach to invest by public industries with considerable scope of development and complementing between public and private investment. The two sectors can co-operate and manage jointly state enterprise. Also state owned financial institutions as NIDB, NBCI and other development Banks to increase their equity for private enterprise in strategic industrial firms from infancy growth and maturity (Zayard 1994:89).

This is why Usman observed that in spite of Nigeria's abundant human resources and natural resources and the advantage of its location and position in the world its industrial progress has been blocked. Using the 1983 - 1993 period he states that

> ..... the five years of SAP have battered the industries to the extent that whole sub-sectors have closed down; squeezed out by organized foreign dumping a punitory interests the Naira increasing cost of transport and energy, and an impoverished and haggard population whose capacity to produce and to purchase has been severely sapped; and is getting sapped daily... moreso, it has not facilitated the completion of the essential industry for producing Flat steel or encouraged the developed of the machine tool industry (Usman (1991:8).

It is on this premise that Ezenwe (1995) state that the Nigerian experience under SAP is a pointer to the limits of liberal policies in a developing environment. Although the imports have been substantially reduced since 1986 due to sustained massive devaluation of the Naira, non-oil exports do not markedly increase because of the inelastic supply of the country's primary export commodities. Beside being heavily import dependent, production in the manufacturing sector fell as imported inputs in form of machinery, spare parts and raw materials declined thereby deepening underutilization of industrial capacity.

It is therefore, more reasonable to conclude that:

> Rapid economic growth is not a God-given right, nor is it impossible to attain. It is a function of several factors that do not necessarily have to be package in a debilitating structural adjustment programme in the first place, private and public investment must grow paripassu and at a reasonably high rate. It must be assisted with low interest rates, rapidly expanding markets suitable expanding market suitable investment environment and a hardworking and law-abiding labour force. Secondly, energy costs must be very low. In fact, the price of energy need not rise as the over all rate of inflation. Thirdly, budget deficits if and when they occur at all must be for productive income-multiplying projects. Fourthly, an economy that is to grow must provide a rising standard of living for the workers assure them of security of their jobs and relate remuneration to productivity. Fifthly, and most importantly, economic nationalism must be paripassu with political nationalism. A people who are not proud of their country, or whose country is

> not proud of them, is not ready for economic growth and or political stability (Aluko, 1994:9).

From Aluko's views which this work wholly adopts, it is clear that development is what you desire and work for. You also don't just accept programmes for development when you haven't as a country ascertained what you want and how it can achieve positive results. And in doing this, the productive ability and capacity of the economy must be put first. But mostly importantly the way and manner all these will have effects on the welfare of the citizens must be a major reference point for all decisions.

In achieving this Sulaiman (1996) says we must have nationalist postures to whatever we do and develop good behaviours. All these we must develop if we are to reap good results. For as the World Bank observed, adjustment alone will not put countries on a sustained poverty reducing growth path. That is the challenge of long term development that requires better economic policies and more investment in human capital, infrastructure, and institution building along with better governance (World Bank, 1994).

3.10 INDUSTRIALIZATION AND THE DEVELOPMENT OF THE AUTOMOBILE INDUSTRY

The automotive industry it has been stated is generally recognized as an engine of growth in any economy because of its importance in the performance of various activities such as movement of people, goods and services, road construction. Its establishment facilitates the acquisition of technology and serves as important stimulus to the development and growth of other satellite industries (NAC, 1995).

The UNO (1978) has shown that the need for motor vehicle becomes incontestable as soon as the development of an economy reaches a certain levels in order to transport materials and products needed for operation of the economy, and also people, as a consequence of their activities. Thus, the magnitude and level of development of transportation depicts the level of industrial development and the economy in general. It is then stressed that the auto-motive industry in developing countries must develop because lack of transport is indicative of poverty level. This is because the automotive industry covers a wide range of technology and manufacturing processes and uses so many raw materials like tools machinery and equipment. It therefore, serve as a stimulus to the development of other industries and like machines tool, iron and steel etc (Folayan, 1996, Gegbo, 1991).

The earliest means of movement by our ancestors was only by boat latter on they rode their animals or had animals to full their carts. This was followed by the rafts as means to transport across rivers and then later the propeller or rafts which is where our present means of transport originates from (Falawiyo, 1987:7). Falawiyo observes that it is only in understanding the word "Automobile" which means propelling and its history that we can get proper perspective of the origin of the Automobile Industry. And in his analysis, he states that the first automobile was built in 1869 by a French Army Captain - Nicolas Joseph Cugnot. It was a three-wheeled steam tractor for hauling cannon. And in 1801 Richard Revelhie, an English inventor built a four in wheeled steam wagon, and in 1890 Mr. William Morrison of De Moinea of Lowa, U.S.A built the first electric car. What has been the contention in the industry has been the competition between the steam engine and gasoline engine as the basis for automotive power. He conclude that the gasoline

engine has continues to demonstrate its superiority and engineers have concentrated more on its development. This is mostly because fuel was not just cheaper but easier to obtain, carry and more powerful than an electric motor, simpler to start and to operate than the steam engine (Folawiyo, 1987).

Generally, it must be understood that in the 19th century, vehicles were heavy and clumsy, expensive to build and difficult to operate. In fact before a car could be put into motion, fire had to be lighted under a large boiler and for sometime before sufficient steam could be generated to make the car move. Thus, gasoline cars gradually replaced steam and electric cars. Its type of engine, called an internal combustion engine, was developed in Europe by Jean Ehenne Lenir a Belgium inventor who build the practicable gas engine from which all other combustion engine have developed. The problem with this engine was that the mixture of coal and gas and air was not compressed before ignition so it was never effective (Falawiyo, 1987, Fasasi, 1993:32).

Another major stage it is said was in 1876 when a German Engineer named Count Nikolas Otto did for the first time successfully applied the four stroke principle that has been proposed by the French man. Bean Rochas which embarked the charge to be compressed to give a better performance - within this period too, flashing a distillate of petroleum came to be used instead of coalgas. Therefore, in the 1880s, the Germans in the names of Gottlied Daimler and Coal Benz working with Wiohelm Maybach, produced the engine in 1883 and which created a sensation for running at more than four times the speed of Otto's engines. But Benz moved on with the objective of making his own propelling vehicle and in 1885, he successfully installed his first

engine at the back of a Tricycle. And shortly after, both started building cars for sale (Fassasi, 1993).

Another source also has it that, there was yet an epoch from the French in 1890 when two French Engineers Rene Fanhard and Emile Levassor started building Daimler Engines under license in France. Their first car, had the engine mounted centrally. However, it was their next production in 1891 that set the standard for generations to come. It has the engine mounted in the front, to shield the engine from the dust and mud thrown up from poor roads. Levassor's contributions it has stated been are great. He tried to make the car to be a piece of machine on its own and not a carriage without a horse or a motorized tricycle. His achievement include replacing the belt drive by a clutch and multi ratio gears, a form of transmission still used today (Fassasi, 1993).

The British car industry it is said suffered a lot of set backs because of the locomotives Act of 1865. Framed specifically for steam driven traction engines, it demanded for an overall speed limit of 10 kilometers per hour. In spite of this, Frederick Lanchester a British Engineer did in 1897 produced an epicyclic gear box, to replace the used chain driven by a shaft to a worm-driven rear axle. he also introduced a fully balanced twin cylinder with contrarotation crankshafts and had patented a high preserve lubricated system (Fassassi, 1993).

3.10.1 THE NIGERIAN ECONOMY AND THE DEVELOPMENT OF THE AUTO-INDUSTRY

In recognition of the significance of the Auto industry to a nations development, Nigeria too embarked on its development. Thus between 1970 - 1980 government established 2 car and

4 truck assembly plants through technical partnership agreements with European Automotive manufacturers (NAC, 1995). And subsequently as Folayan (1996:970) states, Nigeria embarked on different kinds of project and assigned Ahmadu Bello University, Zaria, Project Development Agency Enugu, Kwara Polytechnic and Addis engineering to pioneer the research and development of the techno-know how in the Auto industry.

But despite these efforts the auto-industry has remained in low productivity with even the Assembly plants producing at very small level or low capacity utilization. The problems associated with this have been identified as lack of equipment, proper technological know how, availability of investors lack of specialization to meet standards i.e. non development of associated industries like iron and steel, lack of specialized industries, hence importation of components inadequacy of funds (Folayan, 1996, Manley 1993:18).

The United Nations (1978:39-43) has however, identified three things responsible for why the above are lacking in developing countries hence making domestic automobile manufacturing a difficulty, form precise and clear policies on Automobile manufacturing to lack of a committed implementation particularly in the development of research and training of personnel i.e. shortage of skilled labour and technical staff:

i) There is the problem arising from parent companies/partners for whatever reason being unable to send enough skilled manpower.

ii) The problem of mutual trust between foreign and domestic manufacturers. If there is a cordial and mutually trusted atmosphere between the two, then the issues of licenses, C.K.D or S.K.D by foreign and administrative or managerial position issues from nationals will be less.

It therefore, concluded that vehicle production is a venture a country cannot go alone and must liaise with others. It calls on the UN through the United Nations Industrial Organization (UNIDO) to always provide expert assistance and advise to governments and industrialists at all stages in the motor industry (UN, 1978:71).

However, despite all this Dike (1997) and Forest (1991) that the small Automobile and spare parts manufacturing efforts in Aba and Nnewi have thrived greatly except the problem of expansion and large scale production (which can produce a whole car) are lacking. Thus NAC (1986) then wonders why it is only the government Auto-industry that are failing. For it argues that despite government activities, except for PAN and ANAMCO, others have virtually collapse or folded up. Factors enumerated are of course not so different from ones aforementioned.

All in all as Ogegbo (1991) states, the importance of the Auto Industry in Nigeria's development is great. And as such more should be done to enable it play the catalyst role in Nigerian technological development by the Federal Government declaring it a "priority" industry so as to enable a more development on the local content base.

On the issues of cars, their availability etc, it has been observed that cars were not difficult to buy in late 1960s and 1970s due to the strong value of the Naira. Thus, loans were easily made available that immediate graduate could easily afford cars. But the problem is worse now (Ugbomoh, 1994:21). Much about the Nigerian car industry is also that it started over some

twenty year ago with efforts in assembling trucks, buses and cars. Thus, the industry can be categorized under:

i) imported new vehicles.

ii) new vehicles manufactured and assembled in Nigeria. While major automobile firms are: (i) Peugeot Automobile of Nigeria (PAN), (ii) Volkswagen of Nigeria (WVON), (iii) Anambra Motor Manufacturing Company of Nigeria (ANAMCO), (iv) General Motors (GM) and (v) 5 styer (Vanguard 1.11 94:31).

But even of assembling is facing problems. A survey of assembling plants have shown that the installed capacity of the two passenger car plants (PAN and WVON) is 1200 units per year. These plants could only average 12% of their capacity utilization in 1991 (Vanguard 5.6 93:18). This situation has not changed. This condition has been attributed to the era of SAP and its liberation policies. This brought unfair competition due to unrestrained importation of fully built up vehicles from inadequate tariff protection and shortage of foreign exchange. ANAMCO for instance, started production in January, 1983, it took off with an installed capacity for of 5000 in one shift per annum, but its capacity utilization went down in 1986 to 3.7% (Auto magazine Jan/March, 1993:3).

It has been observed that though attempt at developing the Nigerian car has been on long, it is the problems of documentation and standardization from all these attempts that resulted in the formation of the centre of Automotive Design and Development (CADD) at Ahmadu Bello University (Guardian 29.11.92.36). CADD was therefore, established in 1991 to coordinate all efforts towards the development of a low cost Nigerian vehicle. the National Automotive Policy was thus put in place and therein the National Automotive Council was established to accelerate the implementation of the major ingredients of the policy document.

Assessing the automobile industry in Nigeria. Folayan has said that there is simply the lack of political will as a basis for its survival. This is because the political will then attract

factors as funding, the availability of infrastructures in the Iron and Steel Development and the processing or raw materials unfinished forms and the training of technical personnel to put the efforts into a concrete form. This in fact has been responsible for low level of funding available to CADD for the developing of a Nigerian car which is still at the prototype level to date (CADD News Vol. 1 No. 1 1995). And thus, with the present exchange rate and problems of imports, it has been argued that the concept of a 100 percent Nigerian made car which is not totally realistic due to infrastructural limitations and some international relationship and obligations (Vanguards 5.10.98.18).

Ade-Ojo (1995:37) considering these restrains to handle the Nigerian car project opines that Nigeria should not stunt technological advancement in the sense of misguided Nationalism. He says there is no more need to reinvent the wheel. Rather Nigerian should align forces with one or two renowned auto manufactures in order to develop their basic technology. Manley supports this view and suggests Nigeria can buy full patient right of the existing models either WVON or PAN and using the same approach producer cars for Nigerians. This can be done by changing the shape of the body but retaining same mechanical components. This he saw will be cheaper since the research has been done by owners of the patient (Vanguards 5.6.93:18).

We therefore, agree with Okaiyeto (1994) that assembling of vehicle should not be looked at generally as a dysfunction in the technological start. He argues that even countries like Great Britain started from here. But most importantly he argues that in contemporary Automobile world, it is not what you can produce yourself, but what can be produced for you at the cheapest most accessible and affordable convenience irrespective of ownership:

..... It will soon be difficult for one to pinpoint a British made car,

> rather BRITISH ASSEMBLED ones will become the norm. General motors and Ford were the first to open shops in Britain. Vauxhall (with siblings and clan affiliates as Opel in Germany, the Daewoo in South Korea), represent the interests of GM. ..... BRITAIN HAS SOLD ALL HER FINANCIAL COMMITMENTS, SHOP FLOORS AND INTERESTS TO NON-BRITONS. Thus only in MARKETING BADGES will you see vehicles emanating from British BUT NOT IN OWNERSHIP.....
>
> ..... Under various agreements China is assembling European vehicles, India started same and has now progressed further. EVEN THE USA ASSEMBLES, Mercedes Benz, BMW, HONDA, NISSAN and TOYOTA are now assembled in USA and even for exports. Some of the models are competing with the "home-made" ones from GM and FORD or Chrysler.... (Okaiyeto, 1994).

3.11 CONCLUSION

The argument being made is that based on the reviews made, we cannot run away from the reality that the production of a locally real indigenous Nigerian car on a large scale (mass production) is embedded with obvious limitations. It is also an established fact that this is in the face of much availability in abundance of local human, materials and financial resources at the disposal of the state to do this. Thus why this has not seriously been done or even a successful partnership in indigenizing even assembling of cars is what we seek to find and prove in this work. In the next chapter, focus will be on how a developing country like South Korea has achieved in its industrial development efforts. This is to provide a reference point for Nigeria to learn from.

CHAPTER FOUR

4.0 THE STATE AND AUTOCENTRIC DEVELOPMENT IN SOUTH KOREA

4.1 INTRODUCTION

This chapter undertakes a look at the South Korean state and the way and manner the state was able to champion development and foster industrialization worth emulating by other countries like Nigeria. It must be stated that in the 1950s south Korea was industrially backward, with high illiteracy rate and certainly more corrupt than Nigeria (Okigbo, 1987). But by 1975 it had become a model of industrial success. And in sharp contrast, Nigeria's per capita GNP declined from US$1,600 in 1980 to US$260 in 1995 and graduated as one of the 20 poorest countries of the world (UNDP, 1996 Ezenwe, 1998). Thus the aim of this chapter is to show that the Korean Economic achievements are great and Nigeria stand to gain a lot learning from this incredible leap into a modern and viable nation (Agbi, 1985:II).

The issue of south Korea's rapid industrialization growth and transformation is no longer news. However, what is interesting is how South Korea lacking in capital and technology, developed and sustained a high level of economic growth for almost three decades. Such reasons as high productivity of labour, good work ethics, excellent planning and execution of economic policies by government, effective utilization of

foreign capital and the export oriented development policy significantly contributed to the high growth rate of the Korean Economy (KIM, 1995:157)

But fundamentally, it is important to look at the history of the country so as to locate when and how this development process started.

4.2 HISTORICAL ORIGIN OF THE SOUTH KOREAN ECONOMIC MIRACLE

An understanding of Korean economic history must appreciate first the country's colonial past. This history also must recognize the fact that economic activities or trade generally had flourished in the Asian Region before the appearance of Europeans and others in the 16th century. Thus until the 18th century Europe relationship with Asia was quite different from its relations with Africa and Latin America, since Asia was industrially more advanced than Europe in this period. This is because there was little the Europeans produced that Asia wanted. And it is then pointed out that what Europe wanted in Asia was not only its natural resources but her manufactured goods especially cotton and silk which it paid for in gold and silver since it has nothing to offer for in return (Das, 1992).

In the case of Korea Japan occupied Korea as a colony between 1910 to 1945 and integrated it as a component of a highly militarized empire. By 1938, 99.3% of Korea's foreign trade was within the yen block (80.8% with Japan proper and 13.5% with Manchuria). Colonial Korean had a spectacular industrialization combine with large

scale extraction of mineral resources, construction of large amounts of land, a big increase in agricultural output combine with a sharp decline in Korean consumption, the expulsion of millions of Koreans from their homes, severe, political culture and linguistic oppression (Haliday.nd). What then was in place was the twin extractions of pre-colonial pre-bendalism and Japanese colonization which caused wide spread of agricultural pauperization; 56% of farm households were left with only 6.5% of land and rice consumption was halved between 1912 and 1936. However, while the Japanese were diligent in pursuing improved agricultural productivity, they were equally diligent in syphoning off the rural surplus and more through high rents and taxes (Githings and McCormarch, 1977). At the same time, Japan did develop in south Korea some little industrialization and the post depression colonial period also saw industrial development in the North. The emphasis here was on mineral extraction to fuel Japanese industry and industrial growth was quite substantial. Indeed the share of manufacturing output was 43% at the outbreak of war and remarkably, agricultural and industrial exports comprised 30% of gross domestic product. (Hamilton, 1986, Cohen 1978).

Again Japanese pre 1930 agricultural industrialization policy was mostly to increase rice production in order to export mostly from south Korea to Japan. A situation which increased that, and by 1939, the Japanese did own 80% of the forests covering 3 quarters of the country and 25% the arable land (Ante, 1972, Burn and Hesesh, 1976). John Halliday State that:

> In spite of the increase in industry and mining output, Korea remained a predominantly rural society. At the end of the 1930s, only 11.5% of Koreans were living in Urban areas (in contrast with 71% of the Japanese population in Korea who made up 32.% of the total population). In 1938 73.6% of the total population made their living in Agriculture, 19.4% in commerce, 3.9% in other professions and 3.1% in industry (Halliday ND:21).

All available evidence points to the fact that colonial administration supported indigenous capital accumulation and in its early period did forbade newly locally owned enterprises. Although some indigenous entrepreneurship started beyond the traditional boundaries of textiles and trade, but local capital was outsmarted by the stronger and favoured Japanese business. Thus most Korean capitalist refused to compete against colonial capital. Also The Korean indigenous class was subdued as observed, political repression and police surveillance in the midst of this dispossession and deprivations was quite hash and indeed efficient. cultural oppression was even too bitter. From 1938, the use of Korea was banned completely in schools and newspapers in Korea were abolished (Hantada, 1969:125).

However south Korea as a state today known and addressed as the Republic of Korea (TRK) has its origin in the second world war when the entire Korea Peninsula was liberated by American and Soviet forces from the colonial strangle hold of Japan. The Americans held the southern lip of the peninsula while the Soviets maintained the northern section. In 1947 when the war time alliance between the two powers was fast wearing out and generating into the cold war and supper power conflict, the UN General Assembly passed a resolution ordering a general election to be held in the peninsula so

that a national government might be formed under direct UN supervision. However, the Soviet and American interests proved more powerful than the good intentions of the UN and both sides set up separate governments within the area controlled by their forces (Nwankwo 1986).

The war between the two sides (The Korean war of 1950-1953) also proved to be a significant stimulus in armed race and brought the two super powers into more confrontation. After the war, Korea was formally partitioned along the famous 38th parallel and the existence of the two states was formally sanctioned by a signed at the village of Panmumjon on 27th July, 1953. And between 1953-1961, south Korean moved along it best as a highly underdeveloped economy (Ibid). In May 1961, the military seized over power, but promoted a new constitution which was accepted in a national referendum in December 1962. In the election that followed in October 1963, the leader of the coup Major General Park Chung, who had by now resigned his post in the military was elected President. It is was Parks rulership between 1963 and 1979 that gave birth to a sustained economy and promoted the economic miracle of south Korea.

A later government did acknowledge that (Nwankwo, 1986:32):

> It was under President Parks leadership that the human and natural resources of the nation were effectively organized for the first time in modern history to achieve political stability, economic development, social progress and national security. Thus, Korea began to fulfill its potential as a dynamic developing country.

When he came to power he made some institutional changes which were to lay the foundation for future economy development policies. First, he nationalized all the banks in order to gain control over the financial flows in the economy. Thereafter, new state owned banks (like the Korean exchange Banks the Bank for medium and small loans, the export-import Bank) were set up. This gave the state control over investment loans, while this was on he imprisoned many prominent businessmen on charges of accumulating wealth through illicit means. They were however released on condition and promise to serve the nation through enterprise, which basically meant building new plants in state designated industries (Jones and Sakong 1980:69-70, 281-2).

A major institutional innovation by the Park regime was the centralization of economic making powers in the hands of the super ministry the Economic planning Board (EPB) headed by the Deputy Prime Minister. The integration of both planning and budgeting authorities within EPB eliminated the conflict of interest between the planning and industrial ministries which are more interested in long term stability and the finance ministry which is normally more concerned with short term stability). The elimination of this conflict made implementation of industrial policy a huge success in Korea (Chang, 1993:126)

A major landmark in this efforts is in the first FYP (1962-1966) which focused on laying a foundation for industrialization. It did of course proved successful in initiating and accelerating a structural readjustment on industry from subsistence agriculture to modern manufacturing and export trade, (TRK, 1995:65). And coupled with massive

incentives for the participation of the private sector, economic activities and production in particular peaked up.

It is in fact argued that after Parks death in 1979, his successor Chun Do Hwan who came in 1988 expanded ways to increase and strengthen laws precisely to increase rapid capitalist development and integration into the world capitalist economy (MacIntyr, 1994).

4.3 THE KOREAN ECONOMY AND DEVELOPMENT TRENDS: A GENERAL APPRAISAL

Within three decades (from 1962 to 1994), Korea's gross national product increased from US $2.3 Billion in US$376.9 Billion, with per capita GNP soaring from us$ 87 to about US$8.483 At 1995 price levels. The key to this success was the adoption of an outward looking development strategy making exports the engine of growth - a strategy that reflected Korea's insufficient natural endowments, its limited domestic market, and its abundant, well-educated and industrious manpower. The economic structure was radically transformed as a result of the successful development programs implemented during these years. The manufacturing sector increased its share of GDP from 14.4 percent to over 27.8 percent in 1992. The commodity trade volume reached more than US$158.4 billion in 1994 in contrast to US$477 million in 1962. The gross savings ratio rose to 34.9 percent from 11.0 percent during the same period (TRK, 1995:61)

Korea's development is even more remarkable in view of its situation. Until the early 1960s. Korea had been economically backward for most of its long history. Here some little general comparisons with some developing countries so as to be able to situate south Korea in its proper place in development studies will make the point more.

On specific assessment and analysis, since the early 1960s Korea has shown a truly remarkable economic performance in terms of growth and structural change. Between 1965 and 1986 Korea's annual per capita real GNP growth was 6.7 percent compared with that of 2.9 per cent for the developing world as a whole comparing the growth performance of Korea since 1950 with that of other leading developing countries Taiwan, China, India, Argentina, Brazil, Chile and Mexico - and of the OECD countries that were at relatively low levels of development in the immediate post-war years - Japan, Italy and Austria shows that its achievements are great. Although the Korean growth performance was respectable before 1964, it was not particularly outstanding. However from 1964 its growth performance exceeded that of all other countries including

Taiwan, the world's best growth performer in the post-war period (Chang, 1993:92).

Table 4.1: **Comparative growth Performance of Korea, 1950-87 (Average annual growth rates)**

	1950-64	1964-73	1973-9	1979-87	1950-87	1964-87
Korea	6.1	9.6	9.0	7.0	7.6	8.5
Taiwan	8.3	11.0	8.4	7.4	8.8	9.1
China	5.2	6.9	5.0	9.3	6.5	7.2
India	4.3	2.7	3.4	4.6	3.8	3.6
Argentina	3.0	4.9	2.3	-0.4	2.6	2.4
Brazil	5.9	8.1	6.5	3.5	6.0	6.1
Chile	4.2	2.8	2.3	1.6	3.0	2.2
Mexico	6.2	6.6	6.1	1.7	5.3	4.7
Austria	5.5	5.1	2.9	1.7	4.2	3.3
Italy	5.7	5.1	2.6	2.2	4.3	3.4
Japan	9.5	8.9	3.6	3.8	7.1	5.7

Source: Chang, H. (1993) The Political Economy of Industrial Policy Macmillan, Basungstoke, p. 92.

Table 4.2 compares the manufacturing growth rates of some selected developing countries. Between 1963 and 1972, the first decade of Korea's rapid development, Korea's manufacturing sector grew at an annual rate of 19.3 per cent. This performance exceeded that of all other major NICs, such as Singapore (17.0 percent), Brazil (6.7 percent) Mexico (8.7 percent) India(4.5 percent) Greece, (9.7 percent) and Spain (10.8 percent. Thanks to the country's ambitious heavy and chemical industrialization (HCI) programme launched in 1973 (see 5.2) below for details), the growth of the Korean

manufacturing sector accelerated even further between the two oil shocks (1973-8) a period when most other major NICs experienced a substantial slowdown in their manufacturing growth. In the ten year period following the second oil Shock (1979-88) Korea's manufacturing growth slowed down to 11.7 percent, due to reasons such as the slowdown in world demand expansion after the end of the `golden age', the growing maturity of the economy (reduced catching up effect), and the substantial restructuring of the economy in the early half of the 1980s. However, this was still on.

Table 4.2: Manufacturing Growth In Some Selected Developing Countries (Average Annual Growth Rates)

	1963-72		1973-8	1979-88
Korea	18.3		24.7	11.7
Brazil	6.7[1]		n.a	1.5
China	-	9.5[2]	-	12.6[3]
Chile	4.1		.2.9	2.7
Greece	9.7		4.3	0.4
India	4.5		4.3	8.3
Malaysia	n.a		n.a	7.3
Mexico	8.7		7.4	0.0
Singapore	17.0[4]		7.1	6.8
South Africa	6.8		1.3	1.6
Spain	10.8		1.3	1.5

1. For 1963 - 69
2. For 1965 - 80
3. For 1980 - 87
4. For 1966 - 72

Source: UN, The Growth of World Industry, 1973; UN, Year book of Industrial Statistics, 1979, 1988; World Bank, World Development Reports, 1988 (For China). Chang, 1993.

Also recently heavy and chemical industries have developed rapidly and now account for just over half of total manufacturing output. By 1982, Korea had become the world's 13th largest steel producer with steel exports of around $2.35 billion. the country has similarly embarked on full scale production of heavy industrial machinery and in 1982, the country exported $997 million worth of industrial goods - a staggering increase of $212 per cent over 1980. Korea has also kept one eye on the future and has not risked future prosperity on the development on heavy industry and rapidly developed its output. In 1980 alone the electronics industry produced 4 billion worth of products a third of which was for export, Korea does not import massive numbers of luxury electrical goods instead it has consistently pursued a policy of exporting them. Korea is one of main assemblers and exporters of such items as television sets, video recorders, home computers and even microwave ovens. Neither has Korea neglected the automobile industry. In 1980 it produced around 134,000 vehicles for domestic and export consumption, and that figure is rapidly rising (Nwankwo, 1986:34).

4.4.1 THE AUTOMOBILE INDUSTRY AND ECONOMIC DEVELOPMENT IN SOUTH KOREA

The Korean Auto-Industry was born out of the ruins of the Korean war. Overcoming numerous obstacles and much skepticism, Korea was able to begin auto-manufacturing in the 1960s. And despite the late start, South Korea's Auto-Industry was in 1994 recorded among the first 10 Auto Industry in the world. This huge success was

attained by much co-operation among partners or participants in the Industry under strict control. Moreso, Government and the Korea Automotive Manufacturers Association (KAMA) teamed up to co-ordinate plans and efforts in joint R & D for efficient and economical production of vehicles, strengthening technological collaboration with parts industries, carrying out publicity activities and collecting a variety of information related to the Auto Industry Attempts here also focused on promoting international trade and cooperation on the basis of the principle of reciprocity and carrying out various activities for maturing Korean Auto Culture (Korean News Review, September, 24th 1994; 23).

It has been documented that the history of the Korean passenger car also has been shaped along the general trend of the economy. The Korean passenger industry is said to have started in 1962 by the assembling of semi-knock-down (SKD) kits. And in 1965, there was a state-led merger between the two existing passenger-car maker (Senera and Shinoin) into one (Shinyin). In 1968, there were two more entries (Hyundai and Asia). There after new entries were banned until 1972, when a lorry producer, Kia, was allowed to enter (KDB, 1981: 501 - 6).

In 1974, the government announced a long-term plan for promotion of the Automobile industry to develop local passenger-car models - at this point, producers, were still assembling complete knock-down (CKD) kits from Toyota, Ford, GM and Fiat. This forced Asia to exit because of its failure to submit a plan for the development of its own models. Thus, it then sold its capacities to KIA. And from 1974, local models started appearing. KIA developed the `Brisca' in 1974, Hyundai the Pomj in 1975,

GMK's `Gemini in 1977. At this point Shinjin withdrew from GMK (its joint venture with GM since 1972) because of sales crisis and the introduction of newly Chevrolet models. Shinjins shares were bought by the state owned - Korean Development Bank (KDB) to have a KDB - GM joint venture. This was later sold to DAEWOO in 1989 to become a GM - DAEWOO joint venture which lasted till 1992. There after, the market was mainly controlled by DAEWOO and Hyundai until 1987 when KIA was allowed to re-enter (KDB, 1981, Chang, 1993: 154).

South Korea by 1979 was producing 200,000 cars and by 1981, 1 million and by 1986 it was to produce 2 million cars. In 1993, it emerged as the seventh largest vehicle exporter in the world with a total shipment of 639,000 units, 940 percent increase over the previous year. A report by Korean Automobile manufacturers Association said in 1992, South Korea remained number nine auto exporter for a third year consecutive year when it shipped out a total of 457,000 units (Daily Times, 15 Aug., 1996: 22).

4.4.2 KOREAN AUTO INDUSTRY AND EXPORT

Korean motor Industry in 1994 stepped up its export drive in order to fight competition. To achieve this, it went ahead to build overseas manufacturing bases under long investment plans. Prominent here are the three leading Korean Automakers - Hyundai, Daewoo and Kia. But Daewoo is the most aggressive. Daewoo motors plans to expand its overseas production into a total of One million units by the year 2000. Korea's largest auto maker Hyundai motors is scheduled to turn out 300,000 units abroad

by the same year while Kia motors was to produce 250,000 units by 1997 and 300,000 units by 2000. As of the end of June 1994, Korea's car exports reached 339,408 units registering a consolidated growth rate of 22.4%, corresponding to the corresponding period of the previous (Korea News Review, 24th September, 1994: 22).

It can also be seen that by 1990, DAEWOO motor had acquired numerous plants to assemble its cars in many countries. It has plants in Europe, Africa and Asia and sales are all over the world. For instance, Daewoo cars are sold in 16 European countries, and in many countries in South America, Asia and African countries.

Daewoo sales subsidiaries in western Europe reported that January to August sales of 1998 stood at 94, 358 units. This number equaled the whole sales of 1997 in the area. In fact sales in Italy and Spain amounted for over 60% of total sales. The sales in Switzerland and Greece have shown by end of 1998 a 20% increase compared to 1997. And with the launching of Daewoo Mini vehicle matz, its sales in "France in 1998 reached 120,000. In fact in 1998 Daewoo began direct sale of its cars to the US markets with 15 shop, five in the east coast, one in central US, four in the South and Five on the West Coast (DAEWOO NEWS, 1998).

4.5.1 ECONOMIC AND TRADE RELATIONSHIP BETWEEN NIGERIA AND SOUTH KOREA

Generally, Economic relationship or trade between Nigeria and South Korea started in the mid 1960s with the opening up of a Korean trade office in Lagos on 7th

November, 1966. Later on with the establishment of Diplomatic relationship between the two countries in 1980 (Obioxor, 1955) bilateral relationship started and have continued to the present. Korea's major import from Nigeria is crude oil, while Korea's major export to Nigeria include Automobile and parts, Electronic goods and parts, Auto parts, tyres and tubes, Textiles, plastics and Rubber goods, machinery and chemicals. And in recent years, joint venture projects have been established between Koreans and their Nigerian counterparts in area of food processing, plastic manufacturing, Agricultural Tools manufacturing, Glassware and Wig Manufacturing (CAO, 1998).

In terms of volume of trade between the two countries, Korea has always recorded high volume with Nigeria. Table 4.3 below shows detail of the import-export ratios between the two countries.

Table 4.3: Volume of Trade Between Korea and Nigeria 1997 - 1999

YEAR	TRADE BY KOREA FROM NIGERIA	TRADE BY NIGERIA FROM KOREA
1987	US$ 59,297.000	US$ 1,189.000
1988	US$ 71,765,000	US$ 1,303,000
1989	US$ 62,151,000	US$ 801,000
1990	US$ 89,715,000	US$ 1,175,000
1991	US$ 101,677,000	US$ 1,239,000
1992	US$ 161,411,000	US$ 79,204,000
1993	US$ 117,309,000	US$ 53,801,000
1994	US$ 66,757,000	US$ 117,161,000
1995	US$ 202,306,000	US$ 353,820,000
1996	US$ 856,635,000	US$ 541,968,000

SOURCE: CAO (1998)

To solidify better trade and Economic relationship between the two countries, over 187 Nigerians have been invited to Korea for training in diverse fields such as Marine Engineering, Fishing, Agricultural Production, Air-conditioning and Mass Communication. Korea has assisted Nigeria with a US$ 25 million low - interest long-term loan for the development of its railway system, while Daewoo, one of Korea's largest business concerns was instrumental in the almost-complete construction of the Warri - Benin high way (CAO, 1998).

Another Major issue in the Economic relationship of the two countries was in 1985 at the inaugural session of the Korea - Nigeria Joint Commission for Economic and Technical Cooperation which took place in Seoul, Korea from 23rd to 26th July. The Korean delegation resolved to strengthened friendly and co-operative relations between Nigeria and Korea in the area of Technology, Industry, Agriculture, Fisheries, Joint investment and Technical Cooperation and Cooperation on construction. Consequently, technical co-operations were signed in Lagos on August 20, 1985, on Merchant Shipping.

There are number of existing joint projects between Korean businesses and some Nigerian private businessmen as well as with the governments (States and Federal), and these businesses run into millions of dollars. For example it was Daewoo Company which handled the Fertilizer Plant in Port-Harcourt, and the Petro-Chemical Complex Phase I at Warri, at costs estimated at 50 million and 170 million United States dollars respectively. Hanyang and Korea Ship-building Company, had been in charge of Sokoto International Hotel and apartments for Sokoto State and Igbin Power Station for NEPA

costing 170 million and 17 million United States dollars. South Korean involvement in the execution of some of these major projects in Nigeria's Economic Development plan demonstrate the partial fulfillment of their mutual commitment to cooperate on economic matters for the benefit of both nations. Already some joint enterprises are operational, for example, we have Daewoo Nigeria, Hyundai Nigeria, Hanyan Nigeria, Samsung Nigeria among the major joint venture companies that have made certain specific impressions on the Nigerian business community and account among the industrial giants in South Korea. There is equally Lobi Bank (now liquidated) of Nigeria which was also a joint venture enterprise involving South Korea and Nigeria. The Lobi Bank was established as a joint venture between Benue State Government and Korea Exchange Bank, and officially opened on July 25, 1983.

4.5.2. PROSPECTS FOR FUTURE TRADE RELATIONSHIP BETWEEN NIGERIA AND SOUTH KOREA

It is obvious that South Korea definitely enjoys trade relationship with Nigeria and intend to continue to import more from Nigeria despite its claim that Nigeria's prices of exports are quite very high considering distances and transportation. Most importantly, as a result of increasing labour cost in Korea and dull domestic market, Korean companies have shown greater desire to invest in overseas. Thus in the Nigerian case, the problem is the identification of potential partners. However, through, the Korean Trade - investment promotion agency, it is hoped that more Korean companies will be

encouraged to establish industries in Nigeria which will indeed provide jobs for Nigerians and help technological transfer (CAO, 1998).

This relationship stands a solid chance of a major economic assistance and co-operation among the two countries as it will bring the desired economic gains and advantages to both. For instance, Korean companies have the ability and capacity to supply small and medium scale plants and machinery with the lowest capital outlay. Thus, apart from low cost, the plants are simple to operate, easy to maintain and are easily suitable for developing countries like Nigeria. And with the Calabar export processing zone ready, South Korean companies will be advised and encouraged to invest in Nigeria. Identified small and medium scale plants and machinery that can be supplied to Nigeria, include:

i) Plastic Extruders, injection and moulding machines.

ii) Food processing and package machines

iii) Paper and Tissue Paper Converting Machines

iv) Disposable Syringe and needle making plants

v) Water Treatment and Package plants

vi) Plant and Machinery for the Textile Industry

vii) Machinery and Equipment for Gas Industry

viii Machinery and Equipment for the Leather Industry

ix) Other Small Scale Manufacturing Plants (CAO, 1998).

4.5.3 THE ACTIVITIES OF DAEWOO AND HYUNDAI IN NIGERIA

i) DAEWOO MOTOR SERVICES NIGERIA LIMITED, LAGOS

DAEWOO motor services, Lagos was established on April, 1992 as an offshoot of DAEWOO MOTORS of the Republic. Its main function was for the importation of fully built units cars of DAEWOO brands of vehicles. Its other function is to service DAEWOO brands of cars in Nigeria. Today the company is still engaged in the above services. In addition, it also sale spare parts of DAEWOO vehicles. It also conduct pre-delivery inspecting for its customers by servicing engines, checking gaskets etc, help its customers to confirm that the imported vehicles is in a ready condition.

DAEWOO's brands cars sold since it started operation has been as follows:

- DAEWOO Racer. GTE 1500EL
- DAEWOO Hash Back
- DAEWOO Racer (GSI)
- DAEWOO Racer Saloon
- DAEWOO Racer SE Base (manual)
- Esperero - 2000 TBI
- Its 1997 TICO 800CC
- Labo Mini Truck/delivery Van
- Damas Bus/Van, Coach and passenger

And by 1997, the brands were:

- Racer GII - Multiple Point

- Racer Fuel injector
- Racer SII - (MPI) Power steering
- Racer EII - Manual
- Racer MPI Espero
- Racer CICLO Gls model
- Leganza (CDS) Automatic
- 200 litre capacity - 2000Cl
- Nubira - 200 and 1.600 capacity (SX model)

It has been stated that DAEWOO is having a successful business in Nigeria. It had planned to build an Assembly plant in Nigeria but the plan has been suspended because of the unstable political atmosphere in the country. That plant has been transferred to Egypt. It is hoped that as political situation in the country improves and the economy picks up, such a plant will be put in place (Njere, 1999).

ii) HYUNDAI MOTORS IN NIGERIA

Hyundai Brands of cars are sold and serviced in Nigeria by Kewalram Nigeria Ltd, Lagos. This is an Indian family business which operate in Nigeria as an Agent of Hyundai. The company was established in 1990 and operates in importing and selling fully build Hyundai brand of cars. It also engages in servicing the cars. The brands of Hyundai cars in this category are:

- Accent GLS 1500 CC (Excel
- Accent LS 1500 CC

- Accent - TOM (New) 1300CC
- Sonata Gls 2000CC (Fabric Seat cover)
- Sonata Gls 2000CC (Leather cover Seat)
- H100 mini - Bus (9 Seater)
- H100 mini - Bus (15 Seater)

In assessing the performance of the pales of the company, the company state that they have been affected by the performance of the economy and the political atmosphere in the country. Sales ordinary is said to be fairly stable, but drops at times. A good example of this is that Accent Gls 1500 (Excel) which sold in the early 1990s at 90,000 now sales for ₦1,150,000. However, the company says Hyundai cars are bought more by corporate bodies. According to the company sales drop in period of political demonstrations around Lagos. This is because their customers complain the cars (being flashy) are always targets of attacks by demonstrators (Oni, 1999).

Information from the company also states that though the company is fully comfortable in running and trading in Hyundai cars in Nigeria, there is yet no plan of having an Assembly plant in the company (Oni, 1999).

4.6 THE PROBLEMS OF SOUTH KOREAN INDUSTRIALIZATION

The point being made here is that Korea's industrialization was not crisis free. There is abundant evidence that this industrial development projects were associated with a lot of problems. In fact most of these reforms were never thorough as is usually presented and in most cases were rather implemented half - heatedly (Amsden, 1989).

A major feature of the problems of Korean industrial development was inefficiency. In 1969 for instance, there was proliferation of inefficient firms after a massive investment boom in the late 1960. This made the Korean state to set up a task force, accountable only to the blue House (the presidential office), to deal with the problem. Between 1969 and 1972, the task force forced dozens of inefficient firms (the exact number was never made available to the public) into mergers, sales and liquidation - sometimes sweetened by debt roll-overs by the Korea Development Bank. The programme eventually ended with the notorious 8 - 3 Decree (named after the date of its announcement, 3 August 1972), involving a total freeze on all curb market loans which were eating into the profits of many firms suffering financial distress, with a subsequent reduction in their interest rates and/or in a debt-equity swap (Lee, 1985).

After the investment boom of the late 1970s, which led to temporary excess capacity in some major industries, the Korean state stepped in again with the reorganization of Heavy and Chemical Industries (HCI) Programme in 1980. Four existing companies in the power generating-equipment industry were merged into Korea Heavy Industries and Construction Co. (KHIC), which was subsequently nationalized on the ground that the state support needed to make KHIC profitable was too great to be given to a single private firm in the passenger-car industry, one of the three existing producers was forced to exit and specialize in trucks and buses with a promise that it would be allowed back in again when the demand condition improved - this actually occurred (a conditional entry). One of the three companies in the naval diesel engine

industry (Daewoo) was forced to exit, and the other two were forced to split the market into two segments and to specialize (Hyundai in over-6000 hp and Ssangyong in under-6000 hp engines). In the heavy-electrical-machinery industry, where there were eight companies, three (Hyosung, Ssangyong and Kolon) were merged into one (Hyosung) and allowed to produce only highly specialized and expensive products. A subsidiary of Hyundai was asked to produce only for its sister companies. Four other minor companies were forced to produce less sophisticated and cheaper products. Each of the four companies in the electronic-switching-system industry (Samsung, Gold Star, OPC and Daewoo) was forced to specialize in a different product. The two companies in the copper-smelting industry were merged by the forcing one to buy the other's equity, which was supported by equity participation of KBD and a moratorium on bank-loan repayment.

Another round of state-led mergers and liquidations of inefficient firms occurred between 1984 and 1988 (Lee et. al., 1989:60 - 2). This time, the shipping, overseas construction and fertilizer industries, which were identified as declining industries, formed the focus of the programme. In 1984 three fertilizer producers were liquidated and 63 shipping companies were merged into 17. In 1986 a major reorganization of the overseas construction industry was implemented, again involving mergers and liquidations. And between 1986 and 1988, 82 inefficient firms (23 of them in shipping and overseas construction) were forced into liquidation or merger.

The argument is also made that this kind of development is not real as such not proper to advocate its emulation by other developing countries. Mention here are the fact

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The argument is also made that this kind of development is not real as such not proper to advocate its emulation by other developing countries. Mention here are the fact

that external factors which elevated Korean dependence status helped to increased domestic production for the interest of developing countries. A major example here is the fact that there was an increase relocation of factors from the centre to the periphery from the mid-1960s onwards as a result of various factors: declining profitability in advanced countries; increasing competition between them (especially with the emergence of Japan as a major competitor on world markets) rising wages in Europe and north America; and increasing difficulties in maintaining control over labour. On the other hand places like Korea provided a docile, cheap labour force and general incentives in forms of tax exemption or subsidized infrastructure, culminating in a number of growing export processing zones. Thus, it can be seen that most exports were from sub-contracting foreign manufacturers. In fact the share of transnational corporations in Korea's exports was 15% by 1971 and 31% in 1974. Generally, the foreign subsidiaries concentrated on the exports of machinery, electric and electronics equipment where their share accounted for over 60% of total (Ezenwe, 1988, Beinefeld, et. al., 1977, Lall, 1980, Nayyar, 1978).

Again, the external market was promoted in their favour. In the 1960s and 1970s, manufactured exports were allowed into Europe and North American markets without major obstacles. And it was during this period that countries like Korea enjoyed external trade boom.

Lastly, the relatively easy access to International Finance and banking business is said to be a special condition that made this Development possible in the 1960s and

70s. Based on U.S. deficits in the Vietnam war and surplus from oil producing countries etc. Between 1966 and 1978, there was much credits from private transnational Banks which expanded over 50 times and by the 1970 50% of the loans had gone to developing countries. South Korea is said to be among the largest borrowers during this period. But of important to note is that access to this private capital market allowed countries like Korea to avoid the dreaded influence of IMF conditionality on Economic Policy. Moreso, they were able to sustain levels of imports well above their export - base capacity to import (Griffith - Jones, 1982, Ezenwe, 1993, 1998).

In fact, a major factor here is the role of America and American capital in Korean Economic debt given that the US presently has 37,000 troops there and is also deeply involved in financial reserve to bring Korea out of its present Economic Crisis with total short-term debts of $100 billion with its cash reserved dwindling to US 6 Billion (Ezenwe, 1998:23).

Another issue that is raised is that South Korean politics was too authoritarian. It allowed little political freedom and an entrepreneurial and managerial freedom as long as this will not consolidate political power by delivering economic welfare. In fact large scale election frauds in the 1960s and several student demonstrations revealed the atrocities committed by the state. The Rhee regime it is even stated contributed very little to the development process.

Another level of this analysis is based on those who argue that what happened in Korea was purely state capitalism. The land reforms of 1949 for instance was done to

strengthen the power base of domestic capitalist since land was not confiscated and the landlords were paid in bond which could be employed to buy former Japanese industrial and commercial property. The state also encouraged Rural - Urban Migration to provide cheap labour in city industries (Long, 1972, Balassa, 1970).

In all, it can be stated that despite the problems that can be associated with Korean industrial strategy, they have a record of capitalist industrial achievement. After all, South Korea never pretended that it was a capitalist state. Thus its problems are problems of capitalist mode of production which have to exploit the majority to develop industrial capital.

It should however, be stated that it is true that the state has close links with business interest in Korea's Industrial history (Hagan, 1984, Wade, 1990, 1992, Amsden, 1989). But it has been stressed also that apart from creating conducive political atmosphere for officials to focus on policy, the strong nature of the state made it possible for policy makers not to seat and allow industrial development to be shaped only by market forces. Instead, whatever time, extent and effect, government intervened extensively in an attempt to guide cooperative/corporate behaviour and the pattern of industrial development (Macintyre, 1994). It is because of this strong state base that Park a fierce nationalist during his reign made the state the main agent of economic development and pivot for the Tri-Parte economic alliance between the government, Chaebols (family run conglomerates), and transnational capital. And after his death in 1979, his successor Chun Do Hwuan who came in 1980 expanded ways to increase and

strengthen laws precisely to increase rapid capitalist development and integration into the worlds capitalist economy (Shorrock, 1988).

Thus, what is central in the Korean case which we seek to present in this work is the central role of the leadership and other factors like discipline, commitment and visionary traits of the Korean state etc, which helped to propel a solid development process in a developing country.

5.7 CONCLUSION

This chapter has been able to state as a matter of fact that South Korea is one developing country that has achieved industrial development close to the experiences of developed countries. This is in spite of its colonial and Neo-Colonial experiences. It has also achieved high industrial exports a major component which is its automobile industry. The performance of South Korea in the Nigerian economy shows the extent to which it can contribute to assist and stimulate the Nigerian Economy if invited to do so.

Two key issues are central on the discussion on South Korea. First it set goals and was able to achieve them. This has placed it in a position of establishing an independent sustaining national economy to compete on equal terms with the west and Japan. Secondly, the importance of this is that South Korea therefore becomes a test case for other developing countries like Nigeria which must hope to achieve this independent national economic development. This is because what took place was a state directed accumulation process which helped to set up the South Korean major monopoly in base,

where massive inflow of foreign capital was encouraged and technology was encouraged to come into "export processing zones to be used with cheap manageable labour. Hence output was not directed at the domestic markets but at the world market.

But crucial to reflect on is the way and manner prioritization were set up towards achieving sufficiency and efficiency in the Automobile industry. Here, the Iron and Steel, machinery, petro-chemical, Glass, Rubber and Plastic etc, industries were designated priority areas before the Automobile industry was designated after. Thereafter, it was possible and reasonable to now decide what to produce, how to produce and who to produce. All these were done because there was a Government with vision and commitment to success of national development policies and industrialization in particular. In the next chapter, an attempt will be made to look at specific development strategies that made South Korea to achieve all these.

CHAPTER FIVE

5.0 SOUTH KOREAN INDUSTRIAL DEVELOPMENT STRATEGIES

5.1 INTRODUCTION

This chapter looks at the strategies South Korea adopted to enable it achieve the fantastic results recorded in the previous chapter. The essence is to see how and where Nigeria needs to make amends if it wants to industrialize. The production structure of Korea, which looked more like that of low-income countries such as India and Kenya in the 1960s began to look more like that of upper-middle-income countries such as Argentina, Brazil and Spain by the mid 1980s. The Korean manufacturing sector increased its share of GDP by two thirds over a period of 20 years (from 18 percent to 30 per cent) and the agricultural sector's share of GDP contracted to one third of its size over the same period (from 38 percent to 12 percent) no other country including Taiwan - the best growth performer in the post-war world-increased its manufacturing share in GDP by more than one third during the 20 year period (Nwankwo, 1986:34).

It is therefore proper to observe that Korean Economic and Industrial achievements within the last three decades have been tremendous. Most important here has been the structural changes which have been faster than the world fastest growing economy (Taiwan). Thus, these achievement are worth emulating particularly as to how all these were possible to achieve. But what were the strategies adopted?

5.2 SOUTH KOREA'S INDUSTRIAL STRATEGIES

South Korea adopted various strategies to achieve these results? These strategies were strategic planning and consistency in policy, Export led Industrialization, emphasis on Research and Development, Technology transfer and licensing, and direct foreign investment the role of the indigenous bourgeoisie, the role of public enterprises, the role of the state, emphasis on Agriculture and rural development, investment in human resource and the presence of a Nationalist and visionary leadership.

5.2.1 STRATEGIC PLANNING AND CONSISTENCY IN POLICY

Throughout the existence of the Korean state industrial success has been premised on the choosing of particular industries at a particular point and period, and designating them as priority sectors. When this identification is done government moves in massive support built and heavy control. These industries so designated are given priorities in acquiring rationed (and often subsidized) credits and foreign exchange state investment funds, preferential tax treatments and other supporting measures including import protection and entry restrictions. But in return for these favours they become subject to state controls on technology (for example production methods, products), entry capacity expansion and prices (Chang 1993:113).

This practically started in the early days of economic organization planning with the designation of cement fertilizer and oil refining in the first five year development plan (FYP) of (1962-6). In the second FYP (1967-1971) chemical, steel and machinery were

designated as priority sectors. And the third and fourth FYP (1972-1981). The heavy and chemical industry (HCI) programme announced in 1973. Here non ferrous metals, ship building and electronics were added. The fifth and sixth FYP periods (1982-1991) designated machinery electronics automobiles, chemicals ship building and various high tech industries semi, conductors, new materials biotechnology as priority industries(Chang, 1993).

For these to succeed as stipulated, promotional and control laws were promulgated and in the late 1960s (except for textiles) to provide legal backing for support of the priority industrial policy. And in the recent past, various promotional laws have been integrated into the industrial development law (IDL). The IDL emphases more on rationalization programmes like custom designed needs of individual industries with an aim to provide temporary boasts to industries that need import substitution, capacity upgrading and improvement in international competitiveness on the one hand and temporary protection to declining industries that need a smooth phasing out on the other hand. Rationalization programmes based on IDL may be implemented upon application from the industry, but may also be implemented by Government without such application (Chang, 1993:114).

Apart from the happy combination of national consciousness and efficient planning, part of the Korea's success must be attributed to its skillful diversification of industries. It has not simply relied on one profitable sector and assumed that would be profitable for evermore. Its expansion into other areas is certainly impressive and ever-

increasing, petro-chemical, cement, processed foods, plywood, paper and paper products chemical fertilizers glass products farm tools, etc. Korea has thus not only grown more quickly than its rivals, it has also insured its future through diversification. The day is not far off when its per capita GNP will surpass that of some industrialized European countries. In short, Korea seems likely to step out of the Third World and enter the ranks of developed nations.

The strategic planning also can be seen in the role of strategic technocrats located in the planning agency. The Korean Economic Planning Board was established in 1961 immediately after the Military Coup of Park Chung-Hee. Recruitment to this agency was highly competitive. Even the public service as a whole in particularly after the Rhee's regime operated on meritocratic principles, and jobs within the planning agency were among the most highly sought after. It was clear that there were predominant characteristics of Neo-Confucianism and weberianism in the bureaucracies. Recruitment was competitive and in a Meritocratic manner and they enjoyed long term career rewards. Bureaucratic here imbued with both a sense of responsibility for the overall welfare of society and a sense of corporate commitment and coherence (Matthew and Raven Hill, 1994).

The Planning Agency in particular is held in high esteem both within the bureaucracy and the society as a whole. The agency was able to overcome information failure problems pointed to by critics. This was not only because they had their own detailed intelligence about the domestic and international economies, and staff of

sufficient calibre to be able to digest such data and engage in rational planning on the basis of them, but also because of their relationship with, the private sector (Matthew and Ravehill, 1994). This social ties then provided institutionalized channels for the collection and exchange of information and for the continual negotiation and renegotiation of goals and policies (Wade, 1988).

It is important to point out that despite the close working relationships with business, the planning agencies for the most part did not succumb to rent-seeking behaviours. The explanation for this lies in their members' commitment to corporate coherence, the perception on the part of the technocrats that career success was dependent on National Economic Performance and the ability of the agency to identify and articulate a clear sense of the national economic interest that gained widespread acceptance. This insulation from business sector afforded the agency the freedom to discipline individual firms by ensuring that they were subjected to forces of competition, either domestically or internationally (Matthew and Ravehill, 1994).

Based on all these, the Korean Government thus assumed leadership in the Economic and Industrial transformation. Thus, starting from the first five year development plan, Industrial Development was a key factor and all the Governments that followed simply implemented one stage to another.

5.2.2. EXPORT LED INDUSTRIALIZATION

One of the major features and policies of industrial success was export led strategy. The question has been posed that why was initial industrialization in south Korea not based on Machine tool, pharmaceutical and vehicles industries. The local capital it should be understood in the 1960s was relatively small and inexperienced. Nor was it possible nor feasible to mobilize the large amounts of capital needed to employ advanced production technologies. The point being stressed is that Korean industrialization started from very few Heavy industry to a point that manufacturing grew and by 1979 31% of all Korean manufactured such as Textiles, leather, rubber and non-metallic mineral products were being exported and had export ratios around 60% (KDB, 1980:13).

This however, came about from strategic planning and deliberate conceived change. As there were also efforts to rebuild industrial capacity destroyed during the second war and Korean war of 1950-53 (C&D, 1990 No. 2:15). Thus the importation of machineries was heavily controlled in order to promote the domestic machinery which was seen as the vital ingredient in building a well, integrated economy. And credits were in fact refused those who wanted to import domestically available machines. Rather, there were subsidized credits for those willing to purchase domestic machines (KDB, 1981:472-4)

It has been explained that this policy of indigenous export drive industrialization was strongly supported by policy markers who in fact regarded assimilation of advanced

technology by domestic terms as a vital condition for effective industrial advancement. Thus, the state discouraged direct foreign loans and investments and rather could guarantee loans to do such jobs as long as it could afford. This resulted in the low level of foreign direct investments giving total reign to capital inflow (except foreign aid) a mere 5% from 1962-1983. This was however, backed with all kinds of protectionist laws. etc. While other benefits for export promotion were reduced prices on several overheads, 50% reduction in indirect and exemption from paying direct taxes both on majority intermediate inputs whether imported or domestically produced and on export sales etc. (Amsden and Hikitos 1980, J.C.A. Vol 20, No.1:58).

It has been observed that apart from these incentives, most of the industries were located in special enclaves from the rest of the country. This was to create avenue to maximum exploitation of local cheap layout. As they show, the wages of Korean workers in the late 1970s was the lowest in Asia. Thus export led strategy and other inherent variables in the south Korean economic and body polity propel the south Korean industrialization.

All in all, it must be appreciated that tremendous industrial transformation has taken place in south Korea. Industrial exports has also witnessed diversification. In 1979 for instance 45% of Korean manufactured goods were products of heavy and chemical industries. Of these, Iron and steel products (bar, sheets plate), tubes and casting and electronics were most significant. The electronic industry was dominated mainly of consumer products amidst whose parts were imported e.g. Televisions and recorders,

integrated circuits and transistors. Machinery exports were relatively unimportant since they constituted just 4.4% of total manufactured exports and consist predominantly of transformers. Cables, Wire, Resistors. All these have witness transformations as competition with the west has intensified. Thus, restructuring of industry towards electronics and skilled=intensive, high value-added areas of textiles and clothing as well as improvements in its heavy industry, notably in shipping automobiles and still by concentrating on the close relationship between government and big business (the general trading companies and cables).

5.2.3. RESEARCH AND DEVELOPMENT (R&D)

Initially, attempts focused on labour intensive industries. This did improve employment thus unemployment rate dropped from 4 percent in the 1960s and to under 2 percent in the 1980s. This also yielded comparative advantage benefits. But subsequent attempts were located in the ability to improve and revolutionalise technology toward capital intensity and building up required skills. The development of the Korean consumer electronics was a major feature of this. In the 1960s focus was on light manufactures textiles and ship building. This was followed by heavy and chemical industrial in the 1970s. The ground work was laid in 1974 when the 8 years electronic industry development plan was published. A revised plan was published in 1981 where semi conductor and consumer sub-sectors were isolated for priorities. In line with the micro plan, the government established Korea institute of electronic technology with the

responsibility of planning and coordinating semi conductor R&D. This was in importing, assimilating and disseminating foreign technology and providing technical links with a country like the U.S. And thereafter the 1982-1986 semi conductor plan was launched and honest business began and by 1988, Korea was exporting mainly to USA 1.5 million 1 megabyte Drams of chips in a month and introduced samples of 4 megabyte of chips in Drams only 6 months behind Toshiba the world leader. There after emerged the successful take off of the computer industry and fibber optics in the late 1980s. All these were achieved through the replication of the methods used for the semi conductor industry (Hamalai, 1998:12).

This electronic industry technological process and its huge success adopted four key approaches which were the main instruments of success. These include adopting an evolutionary path of technological development, technology acquisition methods. A good budgetary support for the technological process and finally a good R&D project management was put in place which in fact from the 1980 advanced from informal to formal procedures (KIM, 1996).

Government in South Korea also sponsored research and development activities designed to acquire and disseminate foreign technologies: It also used its powers over foreign investment to acquire technological transfer and/or to insist that foreign investors take on local joint venture partners. The net result was to shift production to the local economy, production that would otherwise have been carried out overseas (Matthew and Ravehill, 1994:79).

Based on its report for intellectual production and recognition its contributions to Economic Development Government has strong recognition for intellectual Property Rights Protection as an essential tool for technological development and stability of the country. This since 1987, it instituted fundamental reforms to strengthen the protection of intellectual property.

5.2.4. TECHNOLOGICAL TRANSFER AND LICENSING

Technology transfer as acquired through foreign direct investment (DFI) has changed greatly the development of the Korean economy. In the 1960s, Korea did emphases the development of key industries such as fertilizer, cement, and petro chemical industries. subsequently, imports of technology required for these industrial were given priority. In the 1970s, the government then began to execute policies of export oriented economic development. to support the success in this area, companies invested in industries which could take advantage of abundant labour, such as textile, clothing, electric, and electronics. During this period, technology used in these industries took the largest share in total imports of technology stud since the beginning of the 1980s Korean began restructuring its industries. Emphasis thus did moved to medical pharmaceutical and service industries. Thus foreign direct investments have expanded in these areas (Matthew and Ravehill, 1994:161).

A major purpose of attracting foreign direct investment in Korea has been the transfer of key technology securing a supply of raw materials and parts, establishing

stable export markets importing foreign capitals increasing sales in domestic markets utilizing rights owned by foreign companies and taking advantage of advanced management technique and profit. In fact a survey carried by the Korea industrial Research Institute (KIRI) in 1986 revealed that 31.5% of the Korean partners could not acquire the latest advanced technology from their foreign partners and 8.78% of them could have difficulties in receiving foreign technology in general.

KIRI divided technology in Korea into four different levels in order of level of development and degree of advanced. These were (Kim, 1996:163):

i. newly developed advanced technology

ii. advanced technology currently applied to industries

iii. technology commonly used in advanced countries

iv. Technology of declining industries in advanced countries but applicable to domestic industries.

It is documented that in general, Korean partners of FDI tended to acquire more of technology in levels ii and iii above. What this shows is that companies established by FDI prefer technology which has already proven to be commercial successful or viable. (Kim, 1996:163).

It is clear that beside the problems associated with the attitude of foreign investors, many Korean companies were not prepared to accommodate the new technology they encountered. In fact they did not have the qualified manpower to digest this new technology, Imports of technology through licensing faced the same. This is

because hitherto, Korean companies sent their employees to foreign countries to be trained or invited foreign technical to train them. Thus despite its advantage of early education in its early industrial development. Korea has continued to face the problem of lack of qualified manpower. The significance of this is that it opens up the issue of the centrality of manpower and planning for development in order to efficiently utilize the foreign technology investors in transferring their technology. This does not appear to exist in cases where there are royalty payments for specific technology (Kim, 163).

5.2.5. LICENSING AND FOREIGN DIRECT INVESTMENT (FDI)

Licensing has been a major way through which technology was acquired or FDI took place. the presentation of this was in the form that most of economic production policies were achieved through the export of products processed from imported materials. This is because, Korea had constantly needed new technology which can either be imported from abroad or developed within. Thus, an important sources of acquiring technology have been licensing and direct investment of foreign companies.

FDI actually started seriously in 1961 when the government enacted a law promoting capital loans to encourage FDI. The number of FDI increased from 49 cases between 1962 and 1966 to 2,818 in 1987. The amount has also expand from $47.6 million to $4.7 billion, reflecting foreign interests in taking advantage of highly productive labour and establishing a base for supplying products to Korean markets

Between 1962 and 1987, the number of licensing contracts was 4,692. Of importance is the fact that 51.3% of these took place between 1983 and 1987. This came about because of the elimination of restrictions on licensing contracts since 1978 which also reflected increase in demand for advanced technology to enhance product quality and to diversity products which continued to cope with ever increasing competition. These imported license are mainly from four countries namely the US (45.4%), Japan (31.2%), west Germany (3.9%) and France (3.3%) in order of total payments made (KIM, 1997:159).

The point to note is that Korea has much more cases of licensing contracts than those of direct foreign investments. It must be known that in Korea, a 100% foreign ownership is allowed only in special export free areas. Companies in this area cannot sell their products in the Korean market. Thus, foreign direct investments mostly is about joint venture companies. To achieve industrialization through licensing, since 1978 government lifted all forms of restrictions. But there was a list of industries, not permitted to FDI, in order to restrict foreign ownership. (Kim, 1997:159).

Although foreign capital are important in funding rapid industrialization, it primarily took the form of debt rather than equity. Foreign finance and technology were purchased, but multi-National Corporations (MNCs) were not admitted in large numbers to set up direct operations. These MNCs were granted entry to adopt themselves to national priorities (Mardon, 1990). There moderate presence enabled a control on the problems associated with large scale presence of MNC. Thus the corporate sector was

dominated by national firms rather than MNCs and accordingly, most distributional coalitions and co-operate rent-seekers were local than rather than foreign (Gereffi, 1990: 93-4).

5.2.6 THE ROLE OF THE INDIGENOUS BOURGEOISIE

One thing conspicuous in Korean Development is that, there has been a purposeful will within the bourgeoisie to develop itself and thus, serve as relevant partners in the state development process. Demonstrating this willingness was coercion by the state which acted as a statutory body to regulate in all spheres of primitive accumulation and indeed masterminding the transition of the Youth Korean bourgeois from agriculture to manufacturing. Chan Hong Rhee has pointed out that in all these cases, the South Korean bourgeoisie was always willing to comply with and support the state (JCA, Vol. 19:197, Rhee, 1991).

It is on record that almost half of the country's GNP is produced by the 15 largest giant conglomerate called Chaebol. At first sight they look like the massive Japanese companies Hitach or Mitsubishi. But they are not. They are really more like government departments. Admittedly are owned and managed by people who call themselves capitalist, have displayed great entrepreneurial flair. But in fact it is the Ministry of Finance and economic board which decides what South Korea is going to produce and whether it is for export or home market. It then tells the several of the giants to go ahead an make whatever it is and after a while the government decides whose

doing it best and orders the others to stop. This, government industrial policies were pushed through protection of selected sectors, strong incentives for foreign capital to invest in targeted sectors and tight control of credit system, resort to use of command backed by compulsion for compliance and continuous consultations (JCA Vol. 24, No. 1:55).

Again, it has been observed that even the work-labour atmosphere was calm because of state regulatory measures. Trade unions never have monopoly power, wages are flexible, labour moves easily from one occupation to another and the capacity of workers to resist measures to extract surplus value via high pace work is weak. In fact discetment or closed shops were outlawed and a mere 11% of the industrial work force was in trade union in the early 1980s. In 1980s, the average length of the working week in manufacturing was 59 hours (Chakravarly, 1987).

This militarization guaranteeing the success of the Korean bourgeoisie might be condemned. But it must be appreciate that some level of commitment both by the bourgeoisie, the state and citizenry established a basis for the work ethics which has proven to be effective and efficient, resulting in what we now refers to as the miraculous development of South Korean.

What is notable in the conducting of industrial reorganization programmes in Korea is that even the economically and politically powerful conglomerates, the *cabalas*, were not immune to state discipline as individual agents. Although as a group they were certainly privileged in their access to various state-created rents. To Korean policy

makers it matters little who runs a business so long as it is run efficiently. If a particular *Chaebol* runs a plant well, fine; otherwise the ownership has to be transferred to another *Chaebol* or even to the public sector (for example the nationalization of KHIC). The fact that the *cabalas* as conglomerates are potentially able to move into any line of business (on the basis of their activities in related lines) makes it difficult for a *Chaebol* to keep a particular industry as its freedom. Unless it remains reasonably efficient, other *cabalas* can easily persuade the state that they can do a better job and get the state support in the next round of capacity expansion in that industry (Chang 1993:123).

Therefore, the cabalas have had a powerful incentive to remain efficient, especially when the loss of state support can mean a sharp downturn in business in a few years' time, given the state control of credit and the high leverage of Korean firms. Many of the cabalas that lost state favour (for political and/or efficiency reasons) have either gone into oblivion or been disbanded and their remnants distributed to other cabalas, as exemplified by the fact that only two of the 10 biggest cabalas in 1966 were among the top 10 in 1974; only five of the 1974 top 10 were in the 1980 top 10; and only six of the 1980 top 10 were in the 1985 top 10 (Chang, 1993).

5.2.7 THE ROLE OF PUBLIC ENTERPRISES

Public Enterprises played a critical role in the growth and strengthening of the national bourgeoisie which grew up in the post independence period. Between 1963 - 1973 public enterprise and investment grew at 3.2% fold, even though its share total

investment declined from 41% to 37% whilst private investment grew from 59% to 63%, and incorporated business from 32% to 44%. It is clear that the growth of public enterprise was a critical element in the growth of the Korean bourgeoisie, public enterprise provided subsidized services in the way of transport, power, finances and even assured a guaranteed supply of key inputs from intermediate and capital goods industries under public ownership to facilitate the growth of private enterprise (Sabbon, 1979: 417).

In the Pre 1971 period, public enterprise was thus neither socialistic or even radical in intent, but rather, quite the contrary, it was used as an instrument of support to a weak indigenous bourgeoisie in complement with the role of foreign capital. The result of this was the emergence of a powerful and confident national bourgeoisie (Sabbon, 1972:418).

5.2.8 THE ROLE OF THE STATE IN THE ECONOMIC TRANSFORMATION PROCESS

The role of the state though mentioned in most aspects and features of industrial development of Korea, mention must be made of the fact that after the development of the consumer goods industry in the 1960s, the supply industry, the chemical industry and capital goods industry were all deliberately built up with massive government support. Policy makers and indeed the state perceived that the creation of diversified and efficient industrial production capacity capable of being linked to downstream and upstream which could be achieved on the basis of long term and systematic learning processes and the

maintaining ground was to be the domestic market. The state made sure it was almost fully isolated from foreign competition through excessive protection. Imports were only for complementary goods i.e. products not or yet manufactured by national industry. This policy is only recently been changed (C & D, 1990, No. 2:16).

The Korean state has also dominated economic and moral issues throughout the country's developmental period. State control over credit, was the most effective means of controlling private firms, given their high leverage, has continued throughout. Although some of the state-owned banks (the so-called `city banks') were partially privatized in 1982, the independence of these banks is almost nil because of their lending to high-borrowing firms and their consequent dependence on the central bank, which is under the full control of the state. In fact, following their privatization, the share of policy loans - loans with subsidized interest rates and/or priorities in credit rationing - actually increased from 56.0 per cent (1962 - 81) to 67.6 per cent (1982 - 5), making it very difficult to argue that state control over the banking sector has loosened (Cole and Parek, 1983; 173). In addition to their freedom to make loan decisions, the banks' freedom to set interest rates has also been severely limited. Despite the legal deregulation of interest rates on loans and long-term deposits in December 1988, it was reported in 1991 that `[i] interest rates are still strictly controlled by guidance from the Bank of Korea and the Ministry of Finance, despite the legal deregulation' (Chang, 1993).

In addition to its control over bank loans, the Korean state has maintained tight foreign-exchange controls. The buying and selling of foreign exchange has been tightly regulated, up and until a few years ago it was illegal (subject to prison sentence) to possess foreign exchange except for state-approved business purposes. The state's control over foreign loans and foreign direct investment has been near absolute. Although foreign borrowing and, to a lesser degree, foreign direct investment have not been discouraged, the state has had the final say in deciding whether a certain loan or foreign direct investment is permitted, and on what terms (Chang 1993:127).

Although far less important than its control over financial resources, the state's control over material resources through public enterprises should not be ignored. The Korean state has owned various strategic industries, including oil, coal (partly), gas, fertilizer, steel and electricity. The fact that such crucial intermediate inputs as oil, coal, gas, electricity, steel and fertilizer are supplied by public enterprises is another important factor contributing to the power of the state in Korea.

Another major theme of state intervention in Korean Economy has been the issue of making an independent Economy. Until recently, balance of payment constraints were the main concerns of Korean policy makers and to achieve this, even exports were regarded more as a means to reduce the unfavourable external balance than an engine of growth (Michael, 1982). To the Korean policy makers, refusing dependence on foreign savings for financing for investments was the best approach. Emphasis was on the construction of an economy with the degree of technological capacity that would permit

a reasonable living standard without a chronic balance of payment deficit. It was indeed the position and believe that the cause of the balance of payment problem lay in the underdevelopment of capital and intermediate goods industries, and therefore, a shift towards heavy and chemical industries is imperative to increase the independence of the Korean Economy. This principle was known in Korea as `upgrading the industrial structure'.

Thus, industrial upgrading required investment which was essential for growth. Therefore, policies towards creating expansionary environment and good inflationary policies were all vital to attract and sustain investments or have investors' confidence.

Another aspect of this industrial upgrading was policy makers attitude towards foreign firms. Korean policy makers regarded assimilation of advanced technology by domestic firms as a vital condition for industrial development. To them, there had to be light state control over FDI. Despite problems of sourcing for finance, policy makers tried to avoid FDI and contracted (all state - guaranteed) Foreign loans to do the jobs, if they could afford it. Based on this the share of FDI in total foreign capital inflow (except foreign aid) from 1962 - 1983 was a mere 5 percent (Amsden, 1989: 92).

Another area of state direction was controls in consumption habits in order to conserve foreign earnings for investments. Foreign holidays were banned until 1980 when the country finally became an exporter of capital (Chang, 1993:110).

It should be noted that the threat by the Korean state that it is going to use its power to discipline those firms which do not comply with its policies does not always

materialize, partly because large business firms have a strong influence on policy formation and implementation. Nevertheless the threat is not an idle one and it is often realized, as exemplified by the freezing of bank credit (on 8 May 1991) to 14 subsidiaries of eight conglomerates that had not complied with state pressure to sell non-business land. A still more dramatic example of how far the Korean state can go, if it chooses, was the Kukje-group incident in 1985, when the state deliberately bankrupted the inefficiently-run Kukje group, the then seventh largest conglomerate in the country, by ordering its major lending bank not to honour its cheque, although it is believed that the decision to let Kukje go under was in part motivated by its lukewarm attitude to meeting the ruling party's financial demands (Chang, 1993).

The Korean experience shows what and how an intelligent industrial policy can achieve. To its credit, `the Korean state has recognized the limited ability of the market to coordinate interdependent decisions. As expressed in the policy makers' continued concern for excessive competition and the resulting social waste, the possibility of coordination failure and its costs have been taken most seriously when conducting industrial policy in Korea. Again to its credit, the Korean state has not been bound by its own free-enterprise rhetoric and it has been more than willing to intervene in the market to prevent and remedy coordination failures.

That the Korean state has put a restraint on the operations of the market does not mean that it did not believe in the power of the market. If anything, it has taken the market more seriously than anyone else has done as for example, can be seen in its all

out attempt to help local firm break into the world market. What differentiates the Korean state's attitude toward the market from that of many other states is that it has taken a dynamic view of the market whereby problems of technical change and learning, rather than allocating efficiency, have taken centre stage. It has fully recognized the inadequacy of the market mechanism to bring about non-marginal change in a late-developing context and it has deliberately created rents in areas where, given the present state of local technological capability, the prospect of technological development was the greatest.

Of course such intervention by the Korean state would not have been as successful as it has been were it not for the historical, political and institutional conditions - for example, the cultural and ideological homogeneity of society, the Confucian tradition, an elite bureaucracy and the state's control over the financial flows in the economy. But these conditions are not entirely God-sent gifts which other countries cannot aspire to possess. They have been brought to their present forms through an intense process of political struggle, ideological campaigning, and institutional innovation by state actors (Chang, 1993).

5.2.9 AGRICULTURAL AND RURAL DEVELOPMENT

A very remarkably aspect of Koreans development has been the development of agriculture which has startling successes ever since the launching of the 1962 Development Plan which placed great emphasis on its value to the economy as a whole.

By 1976 agricultural production had doubled despite the restricted arable land available- a mere 22.2 percent of the country's total land area. (Much of the country is mountainous) New high-yield veriaties of rice were quickly introduced since rice was the country's staple food crop. More efficient farming methods further increased productivity. Irrigation was expanded through the damming of rivers and then pumping up surface water. Farmers were educated into the uses of pesticides and fertilizers. while rural subsistence farming still exists in Korea, there have been rapid and irreversible trends towards mechanization. Here too Korea, has seen the need for diversification and has not neglected fisheries and forestry. As a result, Korea has today become of the largest exporters of fish. Unlike many countries Korea perceived the need to prevent industrialization destroying the agricultural base and developed the two areas simultaneously (Nwankwo, 1986:35).

Also rural development in Korea has been particularly innovative. During the 1970s Korea introduced the Undong - a new community movement programme. The movement aimed specifically at self help schemes in local villages hoping to increase productivity and improve attitudes and discipline at work. By introducing modern development to the rural countryside by providing housing, roads, water supplies drainage, communal facilities, irrigation and generally renovating the rural infrastructure, the government united the twin aims of social progress and economic growth. The long-term objective is to create a balanced development for the future which will discourage excessive depopulation and allow the rural areas to survive in a healthy state while

industry further develops. consequently, the success of the plan is partly due to the effect of its raising peasant farmer incomes thereby narrowing the gap between industrial and rural wages which might entice too many people away from agriculture. Once again the sound reasoning behind balanced development and secure diversification has ensured success. The theme of "partners in progress" is evident here too. The government clearly regarded it as essential to create a feeling of trust and confidence amongst farmers in order to motivate and integrate them properly within the larger programme of Industrialization (Nwankwo, 1986:35).

5.2.10 INVESTMENT IN HUMAN RESOURCE

Having no outstanding natural resources, labour became the major nature resource South Korea had to rely on. Emphasis was therefore put into education to raise the required manpower to more the economy on (Lee, 1996:23).

In Korea the growth and transformation of systems of education and training in the past three decades has been dramatic. The quantity of education children received increased at the same time that the quality of schooling and of training at home, markedly improved. Today in Korea, the cognitive skills of secondary school graduates is comparable to, or higher than, those of graduates in higher income economies. For South Korea achieved Universal primary education in 1965. In fact by 1987, Korea's secondary school enrolment had moved from 35 to 88% maintaining a large landmark in relative performance among the East Asian countries. Another level of this was real

expenditure per pupil which rose between 1970 and 1989 rose by 355 percent (The World Bank, 1993: 43 - 45).

It is clear that in Korea, public investment in education was not only larger in absolute terms but it was better than compared to other East Asian countries. The emphasis in Universal, high-quality Primary Education had important pay offs both for economic efficiency and for equity (World Bank, 1993: 203). This has provided enough for the over thirteen universities in the country, in order to boost the human resource base for the economy, the following institutes and research centres have been established. Electronics and Telecommunications Research Institutes (ETRI) in 1976, Korea Institute of Science and Technology (KIST) in 1989, Korea Development. Institute (1971), Korea Institute for Economics and Technology (KIET) in 1982, National Industrial Research Institute (1983) etc.

Technical training has been made to be a key factor in industrial success. In the suburbs of Busan, the country's second city and biggest part has been made to be the centre of this. The Busan National Mechanical School established in 1967 as a "Model School" develop the highest students technicians who from her go to man Koreans Industries. From here some proceed to Universities while other set up business of their own (West Africa, 1979 July 2, 1300).

Moreso, Korea's 1974 special law for vocational training, required firms to provide six months training in approved scheme (World Bank, 1993:202).

5.2.11 A NATIONALISTIC AND VISIONARY LEADERSHIP

Since the first republic (1948 - 1960) under president Syngman Rhee and the second Democratic period of the second republic (1960 - 1961), which was ousted under president Park Chung Hee; the highly Authoritarian Yushin (revitalizing reforms) period (1973 - 1979) which ended with the assassination of president Park, the authoritarian period of (1980 - 1987) of the government of president Chun Doo Hwan, Korea has been ruled by a dichorial and authoritarian military (Han, 1989). But the fact remains that almost all the major development plans and their full implementation took place between 1961 to the mid 1980s.

Again the leadership adhered strictly to fiscal discipline from 1980 to 1991, Korea's budget deficit averaged 45 percent of current Government expenditure and capital payments. Again, the enterprises under direction of the leadership were ran efficiently. Again to keep a balance and human resource in the public sector, the leadership made sure that wages grew, on average, at rates similar to those in the private sector, lagging only from 1982 to 1985 (World Bank, 1995: 218 - 219).

Generally, the leadership had a nationalistic focus on capitalist industrialization for the country. For despite the park, regime which took over though repressive with a new wave of crack downs, the South Korean technocrats through the direction of the leadership were able to push through a new comprehensive economic stabilization programme in time avoid a debt crisis (Chu, 1989).

The peculiarity of this leadership have been explain sometimes to the role of Confucianism. This is because of its emphasis on leadership by individual worth. Serving meant here acting vigorously in by rulers in Public good and in terms of benevolence and human heartedness. The central Thesis being that the state exist for the sole well being of the people who are indeed the root of the state (Skills, 1968). Yet others have rather explained that Confucianism along with other socio-cultural vices peculiar to the Asiatic mode which are seen as developmental and discipline oriented is responsible for this.

5.3 OBSERVATIONS ON THE KOREAN STATE DEVELOPMENT STRATEGIES AS A BASIS FOR NIGERIAN INDUSTRIAL DEVELOPMENT

Much of what has been enumerated are points to show the way and manner the Korean State came about its industrial achievements. In doing this, it must be noted that the nature and presence of Japanese properties, American aid through an anti communist ideology no doubt provided a `hegemonic ideology' through which the state was able to sustain a mix of liberal economics and authoritarian politics (as has been discussed in detail in Chapter Four).

Looking at South Korea 1964, well over 50% of the country's total fixed capital formation was financed by the U.S. (Cole, 1980). And between 1961 and 1979 the share of capital stock owned by transnational firms (mainly American and Japanese) rose from 2.7% to 14.7%. In 1985, foreign saving accounted for 10% of Korean capital formation,

indicating a rather significant degree of dependency on foreign savings. And over the entire 1962 - 79 period, foreign investment, including public common loans, amounted to $16.2 Billion (Current) price while the corresponding figure for 1980 - 85 was $16.2 Billion. Japan accounted for 40% of all direct foreign investment in Korea over the 1980 - 86 period while the U.S. share was 35% (J.C.A. Vol. 19, No. 2:177). Thus in 1987 for example, foreign investment reached $1 Billion of which Japan invested $495 million, nearly doubling $255 of America (New York Times, 1988).

The extent of South Korea's dependency on U.S. and Japan has also been illustrated by the country's foreign trade markets. In 1985, South Korea depended on the U.S. and Japan for 35.5% and 15% of its exports market respectively. While the corresponding figures were 20.8% and 24.3%. In 1986, America purchased 50% of Korean exports, making it possible for the first time in its entire history of South Korea to end up with a positive trade balance. This was in fact by a record trade surplus of $7 Billion with U.S. (JCA. Vol. 19, No. 2:178).

Apart from U.S. aid which was inform of advising on all important decisions even military matters, economic aid also shifted in the 1970s to commercial loans and direct investment after the war, U.S. grant in-aid amount to about $4.5 Billion, while grants, loans and military expenditure upto half of Koreans revenue came from the U.S.A. (Baldwin 1977).

Again it must be observed here that the State had the primacy of accumulation over distribution, the preferential treatment of business (especially big business) and the

exclusion of the popular sectors (workers and farmers) through physical repression and ideological manipulation for the interest of the dominant capitalist class (Moon, 1994, Wade, 1992).

In fact organized labour and other social forces that might have opposed the states industrial policies were effectively excluded from policy making, and in most cases suppressed (Matthew and Ravenhill, 1994). Indeed the absence of an organized opposition because of repressiveness and Authoritarian is attributed to be a major political cost of Korean industrialization, but a major reason for the its success (World Bank, 1995).

It has also been revealed that the state actors were corrupt. Mr. Roh Taewoo former Korean president was sentenced in 1996 to 22½ years after being found guilty for taking $300 million Dollars in bribes from business men while in office. The penalty was a life imprisonment but because of his achievements for the country, it was reduced to that sentence. Before then, in 1995, Chun Doo Hwan another former president was tried for same offense and on excess repression of the citizens (Punch: 1996, September, 4 - 9:2).

5.4 CONCLUSION

The Korean miracle has come about by following the authoritarian path where it has provoked tremendous interest and controversy among scholars and policy makers. Their success have shown that a developing country can make achievements in high growth rates, poverty reduction and shrinking socio-economic inequality. But most

importantly, it has opened up for serious consideration among developing countries the centrality of government involvement in the development process as it plays a pervasive and catalytic role in their development process. But in this process five key factors are central in this development process; these are a broad based growth strategy, with high investment in human capital, with primacy given to agricultural reforms and the forging of extensive links to the world economy through the promotion of exports and FDI (Adedeji, 1988: 9 - 10).

To achieve all these, the state exercised control over the process of industrial transformation. It coordinated investment project among other firms, organized export market penetration, and has been highly selective about FDI. Although the Governments Industrial Policy has been singly directed toward establishing an integrated industrial structure with dominant natural control, the state enterprises have consistently played a supportive and supplementary role to private accumulation. A good example is that under stagflation, the Korean Government adopted an expansionary policy. It stimulated domestic demand to offset foreign financing to sustain the level of import necessary for its targeted industrial projects, while treating inflation as a transitionary disturbance (Ho,1981).

It can therefore be summed that South Korea too has so much to gain from Nigeria. Considering the resource potentials of Nigeria as stated in chapter and their underutilization, Korea can do well by taking advantage of this to invest in Nigeria. Trade cooperation agreements that will then follow will help foster other areas of economic co-operation.

CHAPTER SIX

6.0 AUTOMOTIVE INDUSTRIAL RAW MATERIALS AND UTILIZATION CAPACITY IN NIGERIA

6.1 INTRODUCTION

This chapter intends to look at the raw material needs and composition of the automobile industry. The aim is to see how individually or collectively such raw materials do exist and the extend to which they have been tapped or made to be useful to the industry. In doing this, such identified industries and research centres expected to co-ordinate their proper utilization have been assessed. The point is to show how indigenous or domestically prepared the Nigeria Automobile Industry stands.

6.2 MAJOR RAW MATERIALS NEEDS OF THE AUTOMOBILE INDUSTRY

The requisite raw material for the manufacture of automotive components can be classified as follows (RMRDC,1994:78):

i) suspension/chassis: This is made up of cast steel bars, natural rubber, plastics and aluminium alloy.

ii) Engine/Transmission: This is made up die cast aluminium alloy, cast forged steel polypoplene sintered metal and special steel.

iii) Vehicle body: This is made of steel sheet, fibre glass, aluminium and plastics

iv) Electrical: This is made up of copper aluminium poly-powder sulfuric acid, corvic-powder polyester fibre, sodium nitrate, carbon-back, plypropylene, natural rubber oiled paper, cast iron/steel carbon silicium, germanium aluminium foil and ceramic.

v) General/Miscellaneous: this contains various inputs such as plastics carbon-black polyprophlene natural and synthetic rubber leadoxide calcium carbonate pigments synthetic and natural resins hydrocarbons, corrosion inhibitors, based oil silica carbon steel world borass fibres and textiles.

It is observed that the estimated weight distribution of raw materials input for a typical saloon car is about 60%-steel, 10%-cast iron, 8%-non-ferrous alloy, 10% plastics and rubber and 12% for other components (RMRDC, 1994:9).

However, based on installed capacity by VWON, PAN, SCOA etc for an average saloon car production, it is estimated that the following figures should be budgeted for (RMRCD, 1994:2):

S/No	Items	WT/Unit(kg)	WT/Annum (kg)
1.	Sheet metal (body pressed)	337.5	36,450.00
2.	Sheet metal (mechanical component)	37.5	4,050.00
3.	Sheet (forged mechanical components)	400	43,200.00
4.	Cast iron	150	16,200.00
5.	Aluminium and Alloys	50	5,400.00
6.	Copper	25	2,700.00
7.	Ceed	12.5	1,350.00

8.	Paint, Primer/Scaler/anti-rust	18.75	2,025,00
9.	Glass	43.75	4,725.00
10.	Rubber	75.00	8,100.00
11.	Plastics	50.00	5,400.00
12.	Textiles and Composite materials	50.00	5,400.00
	Total	1,250.00	135,000.00

Note: 1250kg per annum represents the average weight of a salon car.
Source: RMRDC, (1989).

6.3 AUTO-ALLIED INDUSTRIES AND ASSOCIATED INSTITUTIONS IN NIGERIA

Based on the analysis made since the beginning of the chapter, this section will therefore engage in an assessment of major auto-allied industries in the country. Some related research institutions or centres will also be examined.

6.3.1 AJAOKUTA STEEL COMPANY LIMITED (ASCL)

Ajaokuta Steel Company Limited (ASCL) was established in 1979 through a contract with TINJPTOM EXPORT (TPZ) of the then Union of Soviet Socialist Republics (USSR). The major contract was for the construction of the steel complex. The unit works were however, contracted to other firms namely: Fougerolle Nig. ltd., for lot I, Biffinger and Berger for lot II and dumer Nig ltd for lot III. it was established under section 2 of the National Steel council Decree No.6 of 1979 and incorporated as a limited liability company to reform the following roles:

i) Carry on the business of manufactures, producers and dealers of steel products.

ii) Carry on the in Nigeria and elsewhere the trade or business of manufactures, producers, sellers purchasers importers or exporters and dealers of iron and steel and its associated input materials such as iron ore, manganese, limestone, natural coal gas, coal and cokes refractors, dolomite, scrap bauxite aluminium febromanganese and all by products arising from iron and steel industries including these from its associated industries (ASCL,1997).

The actual construction work started as backward integration process. That is the end process shops were build first and then the main steel making shops. the general composition and production capacity of the industry when fully completed is illustrated in (Appendix II).

With particular reference to the automobile, the foundryshop is capable of producing flywheel, brake dics and drums. the spare parts and engineering shops are also collectively capable of producing engine sleeves flyswheels, break discs, exhaust manifold, front wheel hubs press dies door hinge attachment spacers tractor payloaders, lorries reinforcement plates, gear boxes crankshafts, pulley water pump palley, hubs support for spring bracket shock absorbers, oil seals, hydraulic seals (ASCL,1997: 23-25).

The ASCL was planned to be built in three stages. The first stage was to have a production capacity of 1.3million tones of steel, the second stage was to have 2.6 million tanners (adding 1.3 million tones of flat and sheet in addition to the long products). the third stage was supposed to be the expansion of the complex to produce 5.3 million tones of various types of finished and semi-finished steel products including heavy plates and

heavy sections. However the plant is designed in such a way that it can be expanded up to 10 million tones (Bello, 1999, Appendix III).

ii) <u>Progress And State of Industrial Activity at ASCL</u>

Actual construction of the first stage started in 1979 and reached its tempo in 1982. And as of 1986 production started at the Rolling Mills but stopped in 1987 because of problem of raw materials. The company which by 1986 had a staff strength of 10,000 presently has a staff strength of 4,276 (Bello, 1999, Appendix III). A visit to the sight and interviews granted revealed the following (Bello, Appendix III, Mudiare 1999, Angou, 1999).

(a) The Russians built a complete steel factory for us with sound technology and good intentions but we failed to utilize this to build our economy rather we have not treated the Russians fairly. The refusal to pay them in time the $2.5 billion dollars and rather choose to pay them $500 million in a debt buy off where the remaining $2 billion ended up in private pockets is cited as a good example.

(b) That we need the goodwill of the Russians to start the functioning and continued substance of the complex in terms of spares and technical advised. hence if we do not have their good will the company stand the risk of self extinction even when it starts production.

(c) The way the company now stand, there was no room or provision for flat sheet steel. Plans have been in place in the last 10 years to put that in place. However, for the flat sheet section to be operational, it means the whole factory i.e. the steel and engineering sections must be working which is not possible now because of

non completion of the ironblade furnace and inability to import raw materials. Moreso, the flat sheet used for motor body technology demands a higher technological input which will be needed to put in place again.

(d) There has been the problem of truncated policy on the project. After the Shagari regime, no administration since 1983 has taken a major and special attention or had concern on the project take off.

e) There has been the problem of cost. the cost of finishing the project now or putting it to practical functional use needs huge financial investment which considering the value of the Naira in relation to international currencies hence cost of imported raw materials. For instance last year the Federal Government N6 billion which when converted to the Dollar is hardly anything to import raw materials moreso, the company has being paying salaries and administrative overheads. They raw materials to be imported are cooking coke, or Dolomite, manganese (even Iron ore and lime stone are sourced locally).

f) The engineering shops which can contribute effectively to the automobile industry cannot work well because of cost of raw materials.

iii) Future Prospects of ASCL And Nigerian Iron And Steel Industry

(a) The centrally of the steel industry in this work is the fact it is the cornerstone of the industrial sector of any country. It has strong linkages to other activities either as a provider of materials for further processing or as supplier of capital equipment. Its survival and vibrancy has much impact on other sectors. But the cost of the

industry is very high and countries wishing to develop it must be conscious, capable and willing to invest in it. However, the cost structure of the steel itself depend to a large extent on efficiency of past investments (Kondrick, 1984).

(b) To achieve this, there must be a strong political will from the leadership to industrialize and lay a strong and solid foundation for this. This will be exhibited in transparency and commitment to National Development with the aim to industrialize the country.

(c) If we develop or have a and b above, then there is potential prospects for the steel industry for even the market is already there. This is because in the whole of the West African Region only Nigeria has a major integrated steel project. Thus even if we are importing Raw materials and producing, we still have a market. Moreso that the raw material can be sourced easily in the region.

(d) Based on the fact that iron and steel constitute over 70% of raw material into building a car (e.g. salon car), it is therefore clear that the absence of a solid functional steel industrial complex, like Ajaokuta is a major limitation in indigenous efforts towards the development of the automobile industry.

6.3.2. NIGERIAN MACHINE TOOLS LIMITED OSHOGBO

Nigerian machine tools limited, Oshogbo (NMT) came into being as a joint equity venture between the Federal Government of Nigeria (85.15%) and Indian Government-owned Hindustan tools (International) Limited (remaining shares). The agreement was signed in 1979, and Operations started in January 1982 and went into effective

manufacturing in 1987. The foreign partners finally left in 1987 September 1987. The main objectives of the NMT include to:

a) Develop an integrated complex for the manufacture of machine tools, machine accessories and industrial spare parts.

b) Aid and influence the nation's drive towards industrialization and self reliance in the manufacture of engineering goods.

c) Develop indigenous manpower in the engineering, technological and allied fields.

d) conserve foreign exchange for Nigeria through the helping to meet a substantial part of local demand for machine tools and industrial spares.

e) Establish, develop and assist upstream feeder ancillary units and down stream user industries and rule-sectors.

f) Other support services to entrepreneurs, industries and other organizations in Nigeria and the West African sub-region at large through consultancy and repair services .

ii) **COMPOSITION PRODUCTS AND SERVICES AT NMT**

a) Industrial composition and facilities at NMT include: A foundry plant shop moulding/core making sand preparation section metal fabrication shop, heat treatment shop, light parts machines shop, heavy parts machines shop, CAD/CAM centre, a service unit and a man power development unit.

b) In its years of establishment and establishment, NMT has within available resources and opportunities designed, manufactured and fabricated an impressive wide range of products, in addition to its high quality multidimensional services.

c) The foundry plant for instance, had an initial capacity of over 3.000 tones on the full range of casting products (Grey iron steel bronze and aluminium per annum), but this has been doubled.

d) Typical parts produced in the plant, include; Crusher Balls, Crusher Jaws, brake Blocks for the Nigerian Railway Corporation Manhole lids, coupling boxes pipe prints, fly wheels grinding disc, excavator blades, brake drums and brake disc and machine tools castings.

e) Other products include: power Hacksaws, stamp duty embossing machines, oil extractors guillotine shears, wood planning machines and spares parts for a host of industrial machinery and equipment. It also conducts maintenance, repairs and consultancies (NMT< ND).

iii) PROGRESS AND STATE OF INDUSTRIAL ACTIVITY AT NMT

Visit, observations and interviews at NMT for this work brought the following vividly:

a) The Indians at first were not sincere partners as they purposefully refused to install a foundry so that most facilities will still be imported from them.

However this was pressured on and the foundry was finally commissioned in 1994.

The point is that since 60% of machine production is casting, the absence of a foundry till 1994 limited the capabilities of the company.

b) Economic conditions in the country have made market situations bad for the company. This is because products produced are hardly bought. However, this has turned to be an advantage in a way. This is because there has been more efforts at research and development (diversification) into new areas of engineering development like into Agro-allied machines, coalings starch making machines 6-3-3-4 technological workshop machines etc have been invented and produced on demand.

c) There has been the problem of funding. Government has hardly been interested in supporting NMT to be a solid industrial backbone company. There has been no special fund, nor are machine bought by the ministry for NMT have provision for NMT staff to be trained to use the, For instance machines supplied in 1994 are computer controlled and people have not been trained to use them.

d) There has been a total absence of a committed and consistent policy on NMT. Government at the level of the Federal Ministry of Industry at Abuja without consulting with the needs of or machine needs of NMT import machines for the company without consideration for designs and

prospects of such machines. And in most cases, these supplied machine are those NMT can produce locally.

e) On automobile industry in particular there has been the design and production of brake drum and brake disc for PAN. Though tested and proven to be perfect PAN has hardly placed orders and rather prefers to import.

f) There is the problem of raw materials. The foundries for instance needs scraps, old automobile engineers, caterpillar parts etc. To meet its needs ferrochromium, silicon chemicals sand, sand binder all have to be imported. But lack of adequate funding and low value of the local currency makes acquiring them later a difficult task.

g) It can therefore be said that government policy as a now stands does not encourage NMT to produce spares for other industries particularly the automobile policy. since PAN and most companies of same disposition are not in anyway compelled to utilize facilities and expertise at NMT for an indigenous industrial production programme (Appendix I, III and Adeniyi 1998).

6.3.3 ISO GLASS LIMITED, IBADAN

Iso glass was establish in 1979 and it is known as the first automotive glass producing company in West Africa. The company a limited liability company is owned by Chief (Dr) I.O. Akinmokun and governed by a Board of 10 members. It also has

German and finish partners. Actual production also started in the same year with few staff. (Appendix IV, Iso glass, ND).

Iso glass industries is a profit oriented company. Her main objectives are to produce safety automotive glasses in Nigeria saving people from trading abroad to buy these glasses. This company also helps the automotive companies in Nigeria and neighbouring countries in the aid of reducing their production cost. It also act as raw material manufacturer to some companies in many ways. The company has also diversified by producing Architecturally anti-bandit and decorative glasses. It presently has a staff strength of 200 with 165 junior staff, 35 staff and a management staff (Iso glass N.D, Appendix IV).

A visit, observations and interviews at the company revealed the following:

a) The company is presently producing at 20% percent utilization because of lack of resources and low value of the local currency since all the raw materials e.g. raw glass, roof, floating glass sand and silicon polyvening burtrytel are all imported.

b) The company's major and immediate production problems are power supply and bad road. NEPA has been too inconsistent in electricity supply and at the same time disceal is either not available or the cost is always high. As for the road, at road is Oluyole, Industrial, Estate is untarred and indeed bad. This management notice, result in damaging a raw materials. Hence to make up for all these cost, end products becomes very high.

c) Company has developed high level of indiginization at level of management that for nine years now, the expatriates have left and the company is fully under the control and management of an indigenous management team.

d) Its other problems are no government incentive of any kind even in terms of tax reliefs, import reliefs etc.

e) In terms of products it produces wind screens, side lights side glasses and back lights. Its major market is PAN and other auto companies.

f) It is therefore clear that the glass industry given the example of Iso glass is strong enough to support indigenous technological development in the automobile industry.

6.3.4 RUBBER RESEARCH INSTITUTE OF NIGERIA IYANOMO - BENIN CITY

The Institute derives its origin from the rubber research institute Iyanomo, Benin city established in 1961 by the government of the former western region of Nigeria as part of the its ministry of Agriculture and natural resources. On the creation of the mid-west region in 1963, the Institute became the rubber research station of the Ministry of Agriculture.

The Federal Government however, took over the Institute in 1973 almagamating it with the Rubber Research Station at Akwete in the former Eastern Region with

Headquarters at Iyanomo- Benin. Basically being a rubber research institute, the institute among other objectives were to conduct research into:

a. Genetic improvement of robber and other later producing plants;

b. Improvement of agronomic practices including planting cultivation and harvesting techniques.

c. Development of control measures for pests and diseases of rubber producing plants:

d. Preservation and storage of rubber producing plants

e. Design and fabrication of simple implements and equipments for rubber production and processing;

f. Farming systems in relation to cultivation of rubber producing plants,

g. Socio-economic problems of their cultivation and utilization;

h. Any other problem related to rubber production and utilization. (RRIN ND).

ii) RUBBER INDUSTRY AND AUTOMOTIVE INDUSTRIAL DEVELOPMENT

Interview and discussions with researchers in the rubber Research Institute as to the contributions of rubber to the Automotive Industry revealed the following:

a. There are basically two types of rubber: Natural rubber (e.g. Crumbs, ribs, smoked sheets, crept rubber).

b. The second class of rubbers are synthetic rubbers (e.g. styrene butadical rubber polychloro prene rubber, nitile rubber etc). These class of polymers aresynthesized

from chemical reactions (petro chemicals) in order to over come the acute shortage experienced all over the world in natural rubber consumption.

c. Automotive components associated with natural rubber production (i.e. latex seed rubber solid rubber include adhesives, binding Agents, flexible moulds, car seats, paints, tyres tubes, transmission belts, driver belts car mats, wire and cables, insulators putty etc (Appendix V and VII A - B).

d. Automotive components associated with synthetic rubber production polypropylnene polyethylene carbon black) include dash board, bombers, Engine mountings, foam, tyres gaskets belts, wire insulators hoses brake fluid container fan blades.

e. In the cases of tyres of aeroplane and heavy duty trucks, natural rubber alone is used. This is because of the weight and ability of natural Rubber to withstand the pressure. But other rubber components in the car are either produced completely with synthetic rubber or a combination both as per `d' above.

iii) **RAW MATERIAL AVAILABILITY FOR PRODUCTION OF AUTO-NATURAL AND SYNTHETIC RUBBER PRODUCTS**

In the case of synthetic rubber over 95% of the raw material consumed is imported. Polypropylene is currently produce at WRPC Ekpan Warri with an installed capacity of 35000 tones per year. This is grossly inadequate for the national demand stands at 90.000 tones per annum. Capacity utilization at the industry too is low the WRPC did not produce Polypropylene in 1995 due to break down of the crude refining unit (CRU) which feeds

the petro chemical plants. Even at the peak of its production the WRPC produced 770 tones of polypropylene equivalent to 2.2% of its installed capacity local production of polypropylene was also done at element petro chemical company. It produced 587 tones in 1995 out of the installed capacity of 80,000 tones per annum representing, 0.7& of its installed capacity. The clear position is that is almost totally imported for cosmetic use (RMDRC, 1996).

Carbon black production capacity production in NNPC phase I petro chemical projects was 18,000 tones per year with provision for expansion to 25,000 tones per year. However, WRPC did not produces any carbon black in 1995/96. while in 1991, 16,998 tones of carbon black was produced in Nigeria by 1992 it has fallen to 6,543 tones and dropped to 3,018 tones in 1993. By 1994, only 453.5 tones of carbon black was produced. Of course by 1995 there was no production. Reasons for this progressive decline range from prolong closure of the refinery as a result of non-supply of feed stocks of maintenance problems resulting in total break down. The result is that this component which could have easily been produced locally, is also mostly totally imported (RMDRC, 1996:271-2721)

Natural rubber of course in late form is produced locally in Edo, Delta, Akwa Ibom, Ogun and Delta States. Record have it that rubber estimated output in 1991 was 215 tones, 1992 was 320,000 tones 1993 was 225,000 tones 1994 was 330,000 tones and 1995 was 333,000 tones. However, only 11,357 tones was consumed locally in 1992 with a local processing capacity of 103,684 tones leaving a shortfall of 92, 427 tones. the shortfall

of course met by importation. Thus with a fairly stable output of rubber the industries utilizing rubber should not have to resort to importation (RMDRC, 1996:272-3).

What can therefore be summed about natural and synthetic rubber as raw materials and inputs into the automobile industrial process is that there is considerable importation of what can be sourced locally.

6.3.5 RAW MATERIALS RESEARCH AND DEVELOPMENT COUNCIL(RMRDC) ABUJA AND NIGERIA'S EFFORTS AT RESEARCH AND DEVELOPMENT

The essence here is to look at the collective efforts of the country in Research and Development using the RMRDC as an institution or unit under the federal ministry of Science and Technology vested with such a responsibility.

The RMRDC was established by Decree No 39 of 1987 but commenced operations on February 10th 1988 with the inauguration of its first 22-member Governing Board headed by chief (Dr) Emmanual Iwuayannsi (1988-1991) with Dr (Mrs) Olureme a Aribisala as its pioneer chief Executive. its main mandates are (RMRDC 1996 a, II):

a. To draw up policy guidelines and action programmes on raw materials organization exploitation and development;

b. To review from time to time raw material resources availability and utilization with a view to advising the Federal Military government on the strategic implication of depletions conservation or stock pulling of such resources.

c. To advice on adoption of machinery and processes for raw materials utilization;

d. To encourage publicity of research findings and other information relevant to local sourcing of industries;

e. To encouraged growth of implant research and development capabilities;

f. To advise on and device award of systems for industries that achieve any break-through or make innovations and inventions;

g. To organized workshops symposia and seminars designed to enlighten people on new development and solutions discovered from time tome;

h To consider and advise on special research grants for specific objective and

i. To consider and advise on any other issue capable of enhancing the objectives of the council.

ii) **PROGRAMMES/ACTIVITIES OF RMRDC**

Since February 10, 1988 the council has embarked on a number of programmes activities. These as stated below include (RMRDC, N.D 2-3):

a. Established of a science and Data Bank which initially started as a raw material information system (RMIS). This data bank stores a wide range of science and industrial based data which include data on available local mineral and agro raw material in Nigeria their location reserves estimates level of development, production and utilization and many more.

b. National Research and Development (RD) programmes. Under this programme RMDC funds innovative and applied R&D projects necessary for the advancement of local raw materials development and utilization by the manufacturing sector.

c. Establishment of catalytic made factories designed to facilitate the proliferation of similar raw materials processing industries. They are also intended to promote indigenous engineering efforts in the design fabrication and installation of complete plants for local raw material processing.

d. Boasting agricultural productivity through seed multiplication and distribution to farmers.

e. Promoting the growth of indigenous engineering capability through supporting local design and fabrication of universal components and through organizing a specialized exhibition tagged. "Resources and Techno-Exposition".

f. Chattelization of risk fund Plc which is an addition source of venture capital funding for strategic projects and resources based industries.

g. Development of alternative livestock feeds.

h. Promoting investment in local resource-based industries through the provision of consultancy project feasibility support services financial brokerage service and equity participation in joint stock ventures;

I. Establishment of pilot plant based on R&D results from other research institutes industries and other research efforts sponsored by RMRDC. The central aim of the pilot project is the commercialization of indigenous inventions.

Specific national Research and Development (R&D) engage in by RMRDC can be summed into the following (RMRDC 1997):

1. COMPLETED/PARTIALLY COMPLETED PROJECTS

a. Production of potash from coca pod husks. Tested for its suitability for glass production

b. Bioactivity - guided studies Acalypha species. tested and proven efficient in controlling plain infections.

c. Production of Soy Sauce: search for local sources of flavours to add to soysauce. First stages completed awaiting quality acceptability of product by relevant industry.

2. ON-GOING R&D PROJECTS

a. Extraction of vitamin-E from oil palm tree leaflets for use in drugs, cosmetics and food industries (presently vitae used is imported).

b. Commercial Test Bay and mini-production service centre for ceramic Glaze materials. This is the production of 30kg of low temperature glaze to be used in the ceramic industry.

c. Preparation and characterization of alkyd Rusin using rubber seed oil. This is to find economic used of rubber seeds which are waste materials in rubber producing areas. alkyd resins are used in the paint production industry.

d. production of foundry crucibles from locally available materials.

e. Design of a biogas plant for light tening animal farm

f. Purification and characterization of novel raw stored digesting from Aspergillus Niger isolated from rotten cassava tubers.

g. Investigation of medicinal biological and phytochemical secreting tests on some plants used as traditional medicine for anti-snake bits and anti-diabetic principles

h. Evaluation of plastics-elastic properties of Epoxyres in based carbon fibre. That is the production of epoxy-resin based carbon fibres from kenaf stems and banana leafs.

i. Developing Kapok as a medical/textile fibre.

iii) RMRDC AND RESEARCH IN INDIGENOUS AUTO-MOTIVE INDUSTRIAL EFFORTS

In this area, the RMRDC in 1987 had a committee on motor vehicle and miscellaneous sector which was to identify and assess quality of raw materials required by existing motor industries and that are locally available, identify priority research areas in the sector and determine suitable substitutes for imported raw materials and which industries institutions can produce them.

The committee establish that there were available major raw materials in vehicle building which namely include; Iron, manganese copper, polybdenium, aluminium, zincs, lead, tin, antimony, rubber and glass. it stated that less than 50% of the requirements have been developed to a processed stage nor have some even been explored. It concluded that the basic process and technology for production of a vehicle are yet to be acquired hence there is no need talking of improved processes (RMRDC, 1989:72-73)

In 1996, it published another elaborate report following to the 1987. The report stated the state of the Assembly plants in the country and a general assessment of the motor vehicle and miscellaneous sector. it identified major components, sources of raw materials needed to process technology locally, sources of required raw materials and manufactures of the units/components. it identified components in the motor vehicle which further indigenous research needed to be done to include: shock absorber, coil spring, alternator, carburetor, contact set piston/connecting rod sleeve, suspension ball joints axle beam, brake lining (non abestor), starter, distributor valve, fuel pump, fuel, injector, shell rim/wiper blade, (RMRDC, 1996:202)

iv) RMRDC AND MASS INDUSTRIAL PRODUCTION

Discussions and interviews with officials in RMRDC as to the transformation of R&D into industrial production shows that:

a. First, pilot projects are put in place in order to determine the success of the research or demonstrate technical viability.

b. The commercial viability of such projects is then established based on pioneer production done and display of products.

c. Then research results and patents are now sent to the newly established unit: National office of Technology Acquisition and promotion, Lagos. It is this unit that is mandated to sell or commercialize R&D results or patents. This can be sold to private companies or joint venture projects can be embarked upon with companies or state governments (Ibrahim, 1998).

6.4 CONCLUSION

It must be summed here that in terms on raw material based for the automotive industry, much is available. However as the study has shown much has not either been explored or the explored ones have not been processed to a stage of being properly useful in motor vehicle production. And even the established industries to achieve this are not properly coordinated or made to function to achieve minimal result in this area. Worse has been government investment in this area which rather constitute the leader component of industries capable of producing the required raw materials (e.g. iron and steel> On the other hand in terms or research there exist institution and manpower potentials to explore R&D efforts for vibrant industrial transformation. The problem therefore, is the lack of political will in the form of commitment to firm coordinator and direction for collaboration in getting production done and in the right and desired direction.

CHAPTER SEVEN

7.0 THE NIGERIAN AUTOMOBILE INDUSTRY AND THE MADE-IN-NIGERIA CAR

7.1 INTRODUCTION

This chapter is an attempt to look into the history and efforts towards producing or the production of a car in Nigeria and consequently the phenomenon of a truly made in Nigeria car. To achieve this, the chapter traces the origin of the car Industry in Nigeria and look at the first major efforts in the form of assemblying. There is also a look at the private sector imitiative in this Industry as per the Auto - mobile Industrial, activities in Aba and Nnewi. And then the activities of National Automotive council (NAC) and centre for Automotive Design and Development (CADD) as Government Agents charged with co-ordinating policies and research respectively in the Auto - mobile Industry have been assessed to ascertain Governments direction in the Industry.

7.2 HISTORICAL BACKGROUND OF THE NIGERIAN CAR AND *AUTOMOBILE* INDUSTRY

The automotive industry is generally regarded as an Engine of growth whose establishment serves as an important stimulus to other types of manufacturing activities. The Industry has capabilities to create many job opportunities, encourage the growth of other satellite industries and generate the Acquirsition of technology. The Industry serves

as stimulus to development of other basic industries such as machine tools, Iron and steel, Petro - Chemicals, rubber, glass, Electical Components etc. The character of this also has far reaching significant implications for the performance of various activities such as movement of people, goods and services, urban development etc (Auto - Nig., 1994:4).

The Nigerian Government therefore recognised this fact right after Independence hence it opened its gates for car importation. This brought in more garages and hence the need for maintainance operations and the importation of Fully Built up Units (FBU) became real. In the 1960s however, this was left in the hands of private operators who established assembly plants. The United African Company Ltd. (UAC) was the first to set up a plant to assemble Peugeot pick-up vans (ANAMCO News, 1994:4). Then the first other companies that ventured into this assembly opertions were LEVENTIS, SCOA, BENAC, CFAO, R.T. BRISCO and Federated Motors, now General Motors(GM). The assemblying here involved simple built-up Units which reguired only simple fittings and botting. No welding, Lorazing or painting operations were done undertaken. (Auto - Nigeria, 1996).

However, the actual involvement of the Federal Government in the Industry was in 1971 under the Second National Development plan (1970 - 74), with Peugeot Automobile of France and Volkwagen of Germany. This led to the establishment Peugeot Automobile of Nigeria (PAN) and the Volkwagen of Nigeria with a combined capacity of 108,000 cars per annum. The third National Development plan (1975-80) provided for the

establishment of four commercial/trucks plants. This led to the signing of agreement with British Leyland, Daimler - Benz of Germany, Fiat of Italy and Steyr of Austria. This led to the establishment of Leyland Nigeria Ltd, Anambara Motor Manufacturing Company Ltd. Co. Ltd. National Truck Manufacturers Ltd. and Steyr Nigeria Ltd. These companies had a combined capacity of 29,545 commercial vehicles and 8,000 tractors per annum. Governments Automobile policy at this stage and as signed in agreement stipulated that the partners were expected to identify with governments industrial aspirations by initiating the development of component parts manufacture through in-house programmes. They were expected to assist in theestablishment of component parts industries for the support of the assembly plants (Auto Nigeria - 1996).

However, the performance of the Assembly plants in the indegenous technology component was low. They had little to do with R & D nor were they truely committed to technological transfer. And even the survival ofsome of these assembly plants have become difficult if not impossible (Auto Nigeria, 1996).

7.3.0 A REVIEW AND AN ASSESSEMENT OF SELECTED MOTOR ASSEMBLY PLANTS IN NIGERIA

Table 7.1 shows clearly identified and visited Vehicle Assembly plants in Nigeria. The purpose here is to assess the state the industrial activities presently of the Five Assembly plants, and Determine Production level and capacity. Finally, to assess how

innovative the plants/companies have being in R & D particularly with a view toward indiginizing products and production process.

TABLE 7.1: INFORMATION ON VEHICLE - ASSEMBLY PLANTS VISTED

S/No	Name of Company	Location and Address	Nature of Installed Industrial Activity	Nature of Investigation	Present State of Industies Activity
1.	MB-ANAMCO	Emene Industrial Layout, Enugu, P.O. Box 2523, Enugu, Enugu State	Assembly Plant	Assess Products Production Level, capacity and efforts at R & D particularly with regards to indigenizing products and production process.	Functioning with serious attempts towards indiginizing products and productive process.
2.	PAN	Kakuri Industrial Layout, Kaduna, P.O. Box 2159, Kaduna, Kaduna State	Assembly Plant	Same	Functioning but under very low production turnout because of lack of demand
3.	STEYR *Nigeria Ltd*	Industrial Estate, Bauchi, *P.O. Box 0135 Bauchi* State	Assembly *Plant*	Same	Functioning as Assembly *Plant with* diversifications and serious attempts at indiginizing production process and innotions in production of Auto Components
4.	VOWN Ltd	KM171 Badagry Highway P.M.B. 12663, Lagos	Assembly Plant	Same	Stoped Production in 1994 only sale FBU and Service cars.
5.	NAITONAL TRUCKS MANUFAC-TURJNG COMPANY Ltd	KM 11, Zaria Road P.O. Box 6418, Kano, Kano State	Assembly Plant	Same	Stop production 1987. Company premises sealed.

SOURCE: INFORMATION FROM FIELD INSPECTION, 1999

7.3.1 MERCEDES-BENZ ANAMCO LTD (MAB-ANAMCO)

Mercedes - Benz Anomco is a joint Venture between the Federal G vernment of Nigeria and Daimler-Benz Auto/Mercedes-Benz AG of Germany. The company was incorporated on January 17th, 1977, and the plant was commissioned o 8th July 1980 by the first Executive President of Nigeria, Alhaji Shehu Shagari. It started officlal Production in January 1981. The plant was installed initially to produce trucks for the

Nigerian market but has today diversified its production range, to cover commercial and all other kinds of utility vehicles. As of present its shareholding stands as follows (MB-ANAMCO, ND):

-	Daimler-Benz	40.00%
-	Federal Ministry of Finance	35.00%
-	Enugu State Ministry of Finance	3.40%
-	Anambra State Ministry of Finance	1.30%
-	Abia State Ministry of Finance	.20%
-	Nigerian Citizens and Association	6.60%

i) PRODUCTS OF MB - ANAMCO

At present, the products of MB - ANAMCO can be classified into three categories and associated products as classified below:

a) TURCTS: These are Trucks of 5-38 metric Tons growth weight known as L1414, L1618 snf L2318 to replace L911 - L1515 in the regid truck segment. While the NG SK 2031 has replaced the Dynamo - LS1924.

b) BUSESES: It has MB0131 (42 Seater/intercity Buses), MB0400RS(intercity Bus - 53. Seater, MB0400 RSD(intercity Bus-56seats), MBO 911(56 seater Bus), MBO1414 (61 Seater Bus), MBO1520 (52 Seater Bus), MBO 1635(52 Seater Bus), MB0180(mini 22 Seater Bus), MBO 0131 (47 Seater intercity Bus), MBO 140 (mini Bus), MBO 700 in first version (28 Seater Bust) and a Second version (Luxury 21 Seater Bus).

c) **OTHERS** Fire fighting vehicles, Refuse Disposal. Vehicles, Tankers, Mobile Clinics, Black maria, tankers, Ambulances and others on specific request and demands.

ii) **RESEARCH AND DEVELOPMENT, AND INDIGENOUS AUTO TECHNOLOGICAL DEVELOPMENT AT - ANAMCO.**

Interies and Inspection at the Assembly plant revealed the following:

a) To make major inroads in the Nigerian market, the company in 1992 launched the Bus project as means of divessification and hence increasing the company's output. This did increase the company's annual output of 600 units to 1,300.

b) The innovations in building the MBO 1414 and others has been a major efforts by the company to develop into local content, bringing its production closer and closer to indigenization or domestication of its production process. The MBO 1414 for instance is built on the sturdy and ruggged Mercedes - Benz. It emerged from extensive research and high technological innovations forwarded by MBO 366 Engine, equiped with G. 3/50, five speed Synchromeshed Gear Box and Power sterring, it has low feul consumption capacity and an improved all round visibility etc. The vehicle has well over 65% local content. It has also been produced in two

series: MBO1414 with GRI 61+ 1 Seats amd MBO 1414 Luxury with 35 +1 Seats.

c) The company has developed over the years a sound management system to achieve high level committment to duty, efficiency and effectiveness. This was achieved through the introduction of the Total quality management which eventually made the company to get the Iso 9001 certificate from TUEN STUTTGART, an international Technical Inspection Authority from Germany. The principle of Iso 9001 is quality production system that embraces all creteria for the Production Industry with design and development. This is the envolvement into "Total quality system" That demands constant evaluation and process of re-Engineering to ensure optional efficiency and Total quality sustenance at all times. MB - ANAMCO has become the first Nigerian Automotive plant to secure the certificate.

d) MB - ANAMCO has a training centre, commissioned in 1982 which conduct sales, service and spare part training for staff, distributors, dealers and fleet owners at regular intervals.

e) MB ANAMCO acually has capacity and facilities to build metal Bus, bodies on chasis assembled locally. In most cases only the chasis, Gear Box and

Engine are imported Components (Appendix III and V, ANAMCO News, 1997, 1998, Obiafuna, 1999).

iii) SPECIFIC PRODUCTION PROBLEMS OF MB - ANAMCO

The following in order (descending) stated below were identified as major problems affecting the company.

a) Funding. This is the major problem of the Company because apart from The German Partners, The Nigerian Government has not got itself envolved in recapitalization of the Company. Hence the company have survived more on what it has been able to produce and sale.

b) There has been insufficient patronage by Government and its agencies. Since products of the company have become so expensive, only Government and corporate bodies are in a position to buy. Thus, if Government Patronise the products well, The company can do better.

c) Lack of reliable Infractructure. Here Roads, Electricity, water has been main problems and issues the company has to contain with.

d) Problem of Unfavorable Tarrif sturcture. This has made room for importation of compitative products because import duties on parts or CKDs makes it possible for them to have high production costs hence the reflection on the production.

e) The ultimate implicatures arising from these has been a reduction in the production capacity of the company. For instance the plant which had an installed capacity of 7,500 commercial vehicles (Truck Assemblying) Per shift per Annum. Since inception production has moved from a utilization capacity of 58% in 1981 to below 15% in 1987 to 6% in 1990 and less than 10% between 1997 and 1998 (AUTO NEWS 1996, ANAMCO NEWS 1997, APPENDIX III).

iv) **POSSIBLE SPECIFIC SOLUTIONS TO MB ANAMCO IDENTIFIED PROBLEMS**

The interviews and Questionnies as per Appendix III and V indicated that the following can assist in putting the company on a strong footing.

a) Creation of an enabling environment by better Roads, Electricity, Steel plants e.t.c.

b) Better tarriff measures e.g. 40% Tax on FBU.

c) Improved Government Patronage of locally MB - ANAMCO produced vehicles by Government.

7.3.2 PEUGEOT AUTOMOBILE NIGERIA(PAN) LTD, KADUNA

PAN's history dates back to the existence of the Nigerian State. This is because as far back as 1957 when 100 Units of Peugeot 203 were imported by individuals into the

country. Two years later, SCOA was appointed sole agent for peugeot cars. However, in 1972 the Federal Government Opened negotiations with Automobiles peugeot of France for the setting up of an assembly plant in the country. And on 15th December, 1972, Peugeot Automobiles Nigeria was incorporated, with an authorised share capital of N3 million, and paid up capital of N2 million. As of total equity structure stands as follows (PAN, ND).

-	Federal Government of Nigeria	40%
-	Automobile Peugeot Distributors	10%
-	Automobile Peugeot of France	40%
-	Kaduna State Government	4.7%
-	Katsina State Government	5.3%
	Total	100%

Source: PAN (NDa)

i) **PRODUCTS OF PAN**

The following are the series of Peugeot cars in Nigeria. Today These are:

a) 504 family series: These include The 504 GR/ORD, The 504 GR/AC, The 504 SR/AC.

b) The 504 wagon series: These include 504 SW/ORD, the 504SW/AC, The 504 SW/DR, The 504SW/Ambulance.

c) The 505 family series: These include 505 GR/AC, 505ST/AC and the 505 Evolution.

d) The J5 Family series: This is commercial Bus for commercial purposes.

e) The 306 series: A salon passenger car

f) The boxer peugeot: a 17 seater Bus for commercial and other kinds of transportation.

ii) **PRODUCTION CAPACITY, CONSTRAINTS AND ACHIEVEMENTS IN PAN**

a) Production capacity installed was 63,000 cars/vans per Annum for 2 shifts or 268 cars per day. At its inception, capacity utilization was 13.0%. This rose to 23.6% in 1976 and 27.0% in 1977. This increase continued to the mid-eighties reaching its peak in 1981 with 59.490 units produced representing 93.0%. However, from 1987, serious decline emerged with capacity utilization standing at 22% in 1991, and 20% in 1992, 7.6% in 1994, 8.4% in 1995. The situation has been such that today PAN can only produce between 26 - 28 cars a day which is about 10% capacity utilization and just operating one shift only (NAC, 1994, Appendix III).

b) Associated with the Production size is the problems of the Economy which have made FBU of Peugeot cars unaffordable. With the cost of over a million Naira for a 504 car and over two million Naira for a 505 brand as

of ending of 1998, civil servants or individuals generally finds it difficult to buy a Peugeot car. This contradicts the 1978 - 1984 scerierio when even somebody on civil service Grade levels 07, could afford to buy a peugeot car. This leaves PANwith over 90% sales dependent on Government. Hence productin takes place only when the Federal or State Government places orders.

c) To address one of the major weakness of Peugeot cars i.e. too much fuel consumption. Much efforts are been made to change the entire cabrator system so that peugeot cars will be feul Economy oriented. As of the moment, the 306 has been introduced which is also assembled in Nigeria. It has a good fuel Economy system. It is hoped that gradually other peugeot models or even existing models will be rebuilt to encorporate this (Appendix III).

d) PAN as a company has also suffered from the issue of funding. Since the take off of the company, Government which is the major shareholder have not made any subvention available. This has reduce the level of funding hence limiting adventure or exploration into more R & D projects and rather laying emphasis more on profit oriented programmes to sustain the company. It also must be noted here that individuals too are not that

willing to invest in the company, since it is a long term investment (Appendix III).

e) In the area of R & D, PAN has been into more in-house training for its staff. The training department is established to train staff in handling the job properly and also to get acquainted with new technological inovations that come from Peugeot Automobiles of France. This training as of 1999 covers areas of Industrial training which involved areas like Automobile and related, body metrology, Data Processing, Driving, Electrical maintainance, methods and work study, Body works Panel beating, Total quality management, Spray and painting, wielding, fire fighting and Industrial safety, storekeeping and investory control, machanics General, machining, fitting, pneuniatics and jigs, supervisory management, and finance management, while there are also courses for commercial services training into Auto-Electrical, mechanical, panel Beating, spray painting workshop administration/supervision and, marketing and sales management (PAN, 1999:2).

f) Also, since its inception, the company has maintained a dynamic training scheme through a unique SYSTEMATIC/MODULAR concept approach which begins with identification of training needs, job description, task analysis, preparation of modules for those tasks, and Teaching lessons

through to evaluation and validation of lessons. This scheme has been guided by an organisation for Rehabilitation through Training (DRT) of London - The known largest international training organisation of its kind in the world (PAN, NDU).

g) The issue of local content development has been done much at PAN. Local content development and contribution moved from 21% in 1988 to 34% in 1990, 40% in 1994, 31% in 1996 and 37% as of February 1999. PAN buys almost 700 parts from over 60 different indigenous suppliers. Most of these items range from Paints, Glasses, tranporators, Stamped parts, Harnesses, Pedal systems, Front Grills, Tyres, Seat covers seat frames, Chemicals, Aluminium cast parts, Carpets, Batteries, Exhaust pipes, Fuel Tanks, Clutches, Seat-Belts, Alternators, Dies, Eugine flywheels, Break-dics etc. A major break through heal has been the adoption and usage of reinforced fibre glass resin bumpers as a replacement for metal chrome bumpers fitted in 504 SR?GR - A/C models. However, PAN continues to import sizeable ratio of its component (PAN, ND(b), Appendix III).

iii POSSIBLE SPECIFIC SOLUTIONS TO PROBLEMS OF PAN

a) First and foremost PAN has stated clearly that until the Ajaokuta steel complex and Nigeria's Petro-Chemical Industry is completed, Peugeot Cars

will never be affordable by ordinary Nigerians. This is because when the two are fully functional, the foreign raw material component involved in building Peugeot vehicles in Nigeria will be reduced. This will invariably reduce greatly the cost of producing the cars hence the cost of poles too. Thus, high demand, will in turn raise produce level and volume of the Company (Balarabe, 1999:28).

b) There is also the dire need to have More concession on imports. This could be inform of low import duties, hasty clearance, tax relief etc. All those when added to the final cost of production and are lower will also reflect cost of production hence cost of sales. The end result is that the cars can then be affordable by the ordinary Nigeria.

c) There is the need for the Federal Government to review the agreement with PAN to enable a refocus on the direction of the company. As it is today, PAN Operates as a foreign company, with a Nigerian branch, basically Operating to make and maximise profit. It hardly or really has a major programme for indigenizing production as a process towards a national Auto-Industrial programme. Infact it is still more of An Assembly plant.

7.3.3 STEYR NIGERIA LTD BAUCHI

The Company was established on 10th July 1976, and it did commenced production in the same year. The Company was an establishment between the Federal Government of Nigeria (60%) and STEYR DAIMLER-PUNCH AG of Austrialia (40%). As of present, the company has a share-holding structure as follows:

-	Federal Republic of Nigeria	35%
-	Steyr Daimler - Punch AG	40%
-	Plateau/Nasarawa State Government	9.50%
-	Nigerian Industrial Development Bank	2.50%
-	Borno Investment Comapny Ltd	1.76
-	Adamawa State Government	1.44%
-	Taraba State Government	1.44%
-	Nigerian Technical Company Ltd	0.20%
-	Alh. K. O. Usman	0.20%
-	Mr. I. Ella	1.10%
-	Staff Trust Fund	1.10%
-	Shares in Pool	1.37%
	Total	100%

i) PRODUCTS OF STEYR NIGERIA LTD

The Products of the Company include:

a) Trucks: 14.163/4x2, 14314LD - 14 tonne - 4 (with Styr four - stroke 6 cylinders, inline direct injection, water - cooled Diseal Engine and 17S18 - (a bigger version of the later).

b) Buses: 14B16LD (varions series).

c) Tractors: 8075 super Tractors.

d) Motor Cycles: 3 Wheeler for mass transit purpose and Steyr - Hiro 65 cc STD (Motor bike).

ii) PRODUCTION CAPACITY, ACHIEVEMENTS AND CONSTRAINTS OF STEYR NIGERIA LTD.

A study visit to the Company production site, based on interviews and Inspections, conducted revealed the following:

a) The company which had an installed production capacity of 2,000 tractors and 8,000 trucks per Annum for a 1,000 penshift has been able to product reasonably at inception till its production capacity gradually went down due to factors to be enumerated later. As can be seen on Table 4.2, production capacity utilization of the company with reference to Trucks and Tractors was at its peak in 1981 which it was 34.34% and fell to 0.01% in 1994 and was 0.14% in 1998.

b) It Must be observed also that the company has made quite a lot of innovations and diversifications to add to its initial and installed capabilities. Towards this it went into production of Bumpers using fibre glass Technology, production of Bonnets, Hard-Tops, Chairs/Tables etc

and also has been involved in Refurbishing Trucks, Jeeps Agricultural Implements etc (see Appendix VII).

c) Notable as part of these new exploits have been news forms of vehicle products. Here, on 9th June, 1997, the Company signed an agreement to co-operate with China National Heavy Duty Truck Corporation. Through this, Steyr imports series, of Trucks in CKD form and assemble them. Also this agreement enable the impportation of CKDS for the production of three wheller (motorcycle) for mass Transit Purposes. Also, with the co-operation agreement with Hero-motors of India, it is able to import and assemble a motor bike (Hero-Puch).

d) Through its in-house training production activities in steyr has been such that for Bus production in particular just the Engine, chasis and gear system are imported. The rest are constructed in the company. Steyr has Thus as of February 1999 recorded 30% local content value added in the production process (Appendix III).

f) As part of its R & D, The company has 2 forms of linkages with Abubakar Tafawa Balewa University Bauchi (ATBU) first there is constant acceptance of students for Industrial work experience and study visits. Secondly there is a joint committee at the Centre and functional sub-committees to see to issues of joint co-operation in Applied Research and development,

commercial offiliation to exchange goods and services as mark of goodwill, Assist each other in training and man power development by exchange in Manpower or sesource persons and finally working together in the promotion of indigenous technological development based researches with funding from the Federal Government.

f) The major problem confronting the company presently is the bad economy. There are hardly orders to enable the company produce to sell Thus, the general patronage is strickly by Government which in itself is very poor.

g) There is also the problem of low equity base of company As can be seen for instance shares in the pool amount to 1.37% while calls -in-arrears amount to N26,222,404.34.

iii) POSSIBLE SOLUTIONS TO THE PROBLEMS OF STEYR, NIG. LTD

a) There is the need to increase patronage of products of companies like steyr Nigeria Ltd by Government and individuals instead of current trend of importation of similar products. When this tables place by either Government can produce, employ, make profit and also acquire profficiency in indigenous Technological development efforts.

b) The company urgently needs fresh equity share reinjection by shareholders. This will boast the capital base of the company and enable it to invest in productive activities.

c) The company needs more favourable fiscal policies in the area of custom tarrifs etc. This will make lessier and less cost the bringing of imported components. The ultimate result will then be low production cost hence cost of the finish products.

7.3.4 VOLKWAGEN OF NIGERIA (VWON)LTD LAGOS

The company came about by the invitation for proposals for the establishment of passenger car Assembly industry in Nigeria.by the Federal Government (FGN. 1963). The Federal Government then entered into agreement in 1972 with Volkswagenwerk AG of Germany. This resulted in the incorporation of Wolkwagen of Nigeria Limited which started in 1975 with an installed production capacity of 45,000 cars annully as an assembly plant (RMRD1989).

i) PRODUCTS OF VWON

Since its inception to 1994 when the company stopped production, its products range from the Bettle, Danfo/Bus, Passat, Jetta, Audi, Igala, Golf, Vento CL, new santana

GL(a5-speed Sallon Car) and LT 35 bus. The Danfo and LT 35 also had pick ups, Ambulance and Delivery Van variants.

ii) PROBLEMS AND STATE OF ACTIVITY AT VWON LTD

a) By the time of inception in 1975, it was able to produce 5,677 cars reprenting 12.8% of its installed utilization capacity. This rose to the highest level of 29,333 cars (65.2%) in 1981 and drastically dropped to 385 (0.85%) in 1994. It could not produce in 1995 (NAC, 1996 10).

b) Although production activities finally stopped in 1995, a visit to the company saw the comapny premisse with skeletal services. Information from interviews revealed that the company only imports FBU cars. But its main pre-occupantion is the sale of spare parts and maintanance services and operations to its customers.

c) A major identified problem of VOWM was the fact that apart from the Bettle which was its most common product and was suppose to be the cheepest to be a people's car became difficult to maintain and consequently a new One difficult to afford. Thus, with low capital base and lack of support from the main shareholder (FGN), the company inability to be innovative to stay in market made it difficult to stand the hash economic conditions in the country (Sobowale, 1994:8-9).

d) Infact its local content value was also very low. Since it started and stoped production, its local content added was revolving between 1 - 10%.

7.3.5 NATIONAL TRUCKS MANUFACTURER, (NTM), LTD KANO

NTM Kano came up in response to the Federal Government invitation for proposals for the extablishment of commercial vehicles in Nigeria. On December 12th, 1975, Government formally went into agreement with Fiat SPA Italy to produce trucks and Agricultural tractors. The company's installed capacity utilization was 6,000 fiat vehicles and 3000 agricultural tractors (RMRDC, 1989)

i) PRODUCTS OF NTM, KANO

The main products at NTM were mostly:

a) Turcks: BT.5 (without body), 602 - T3, 45 NC and 40NC.

b) Tractors: 666 DT of Different Types.

c) Generators of all Types. (NTM, 1999).

PROBLEMS AND STATE OF INDUSTRIAL ACTIVITY IN NTM.

The company started production in 1980 with 305 vehicles representing 5.1% of installed capacity utilization 1981 production recorded the highest level of 2,124 vehicles & tractors representing 35.4% of installed capacity utilization. Its production capacity

dropped to 97 cars and tractors in 1986 representing 1.61% capacity utilization. And by 1987, it stopped production because of lack of adequate capital to sustain production. (NAC,1996:11).

A visit to the company in Kano showed a company site completely locked with only security staff on duty to maintain the security of the company and machines.

7.4 INDIGENOUS PRIVATE AUTO-INDUSTRIAL EFFORTS IN NIGERIA

i) IBETO GROUP, NNEWI

The Ibeto group is a large Industrial Enterprise based in Nnewi, Eastern Nigeria in present Anambra State. It is a sole family business of Mr. Ibeto (47 years as of 1998), who started as an apprintice in the motor part business and later set up his own business with assistance from his father and Elder brother. Initially he was into buying and selling of motor spare parts. But in 1976, he began direct importation of Autoparts. By end of 1978, he decided to go into the manufacturing of Auto parts like wheel covers and fan blades. The plant infact has the capacity to produce 3,000 small and 8,000 large batteries a day. There is also the manufacturing of brake pads and linings, clutch facings and fibres and brake shoe kits.

The company has a good condition of service. This range from sevengrades of salaries and an annual and merit award system. There are also some payments at Easter and Christmas accompanied with a two week break. There are also transport and transport

allowances. The company also has a clinic and a subsidised launch system (Appendix IV, Forest, 1994).

The major problems of the company are bad roads and problems of importing raw materials. The Company based on the large size and good organisational sturcture believes it will have less and less problems if the Economic condition in the country improves.

ii) **OCEFILTER MANUFACTURING INDUSTRY LTD, NNEWI**

This company is owned by chief M.E. Onwu Gbendu who is a University graduate and 48 years as of 1999. The company was established in 1986 but started operations in 1988 with a staff strength of about 300. The main sources of finance for the take off of the company have mainly been personel savings.

The main products of the company are Automotive oil, feul and air filters produced at inception from pusely foreign raw materials, the company as of present makes use of both foreign and local raw materials. Production too has increased from 1,000,000 filters per Annum to a present capacity of 1,500,000 filters per Annum.

The major problems being experienced by the company are lack of basic infractructure like electricity, Road, Water etc. It has been observed that the provision of the above will have production problems and hence lesson cost of production which will then effect prices at which products are sold (Appendix III).

iii) **URU INDUSTRY LTD, NNEWI**

This company is a solely privately owned by Sir D.C. Ofordeme, a 49 year old man. The company was established in 1987 and production started same year. Its major products are vehicle Throtles, clutch, speed meters and choke.

It was initially started with personal savings but later, Bank loans (mostly overDrafts) added up as sources of finance. At inception raw materials were foreign and mainly from Taiwan. However through almost 90% of the raw materials are still foreign, Korea and Clinic have added to Taiwan as countries where raw materials are sourced from.

The company's major production problems are bad roads, Electricity supply which is erratic and not enough and turn to destroy the performance abilities of the machines. There is also the problem of communication arising from ineffective performance of NITEL. All these affect sales and functional, abilities of the Industrial machines (Appendix IV).

iv **NOCELG FIBRE GLASS LTD ABA**

The comapny which is owned by Mr. Oke Nwofor a 50 year old man with a Diploma in Glass Technology (from London) was established in 1980 and production started same year. Its major products are Front and Back Cowl of Luxurious Bus, Bumpers, side Pannels, J5 Roof Tops etc. It also produce to specification as orders come from customers.

Initial sources of funding was personal savings and loans from friends and relatives. In the area of raw materials, viruallly all the raw materials used are imported. As of present, the company now buy from people who imports, the raw materials. An issue worth mentioning is that though it started as a small scale project it now handle very big job for companies like ANAMCO, General motors etc.

A major problem confronting the company is its still reliance on the manual process of production. This reduces its scope of operation and make it difficult or impossible to go into high Tech. Jobs like pipes, etc and Auto components like Headlamp fittings etc. Also attempt to get Government involved in sponsoring more research in fibre glass technology has proved abortive nor is it possible to get a Bank loans so as to make major investments. But worse has been the issue of continued dependence on imported raw materials. The assiscated cost turn to highten the cost of production hence the end products too (Appendix IV).

v) **CHIEME MOTORS NIG LTD, ABA**

The company located at Aba is owned solely by hief Sir Francis Chukuonye, a 50 years old man. Basically educated just at school certificate level, he established the company in 1975 and production commenced same year. The orgin of the company dates to his years as a motor spare part dealer who later moved into the importation and sale of motor parts.

The company which has a staff strength of about 200 hundred products the following (Appendix IV).

- Fan Blades (6x8 Arms) for Peugeot
- Fuel Filter (big) Transparent
- Feul Filter (Small) Universal
- Front Grills - 504
- Front Grills - 505
- Fancy wheel over - 2.0
- Fancy wheel cover o/model
- Air condition and fan - complete
- Monogrammes - Peugeot 504/505,2.0/GR/SR/GL
- Fuel filter orginal, (PANType).
- Wheel Cover for Seriel two
- Rear side mirrow, etc.
- Plastic and paint containers
- Gaskets.

The company had it initial capital from personal savings and Bankloans. As for raw material, much is imported, but serious attempts at sourcing locally has also been put in place. The company which initially was producing 50 tonnes a/year now produces

between 80 - 100 tones a year. Andin the Auto Industry, its products are consumed mainly by PAN, SCOA, etc.

Its major production problems are first, absence of infrastructure like good roads and electricity. This two turn to destroy goods in the process of transportation and erratic power supply destory machines and also lead to much expenditures. On diseal in the process of self Energy generation. Also, Tax policies are very unfavourable e.g. VAT and withholding TAx on raw materials which in practical terms is never implemented. And generally Government just do not seem to have policies to encourage the Industry.

vi) AUTOMOTIVE COMPONENT INDUSTRIES LTD, KADUNA.

This company based in Kaduna is a joint venture company between a Nigerian General having 70% and foreign partners (French and German) having 30%. It was established in 1982 but actual production commenced in 1992. The company which presently has a staff strength of 80 is engaged in the production of Vehicle seats for cars. This is mainly produced for PAN and ANAMCO. It also produces presently contact sets as part of its diversification projects in order to complement low sales arising from low production at PAN and ANAMCO. In fact the company which has an installed production capacity of seats for 300 cars daily only produces for 10 cars daily as a result of low orders.

The Company's initial sources of funds were savings from the Directors and a loan from ICON Merchant Bank. The company also benefited from a $1 million Dollar European Community loan. It also since inception and to the present has continued to rely on imported raw materials which turns to make production cost very high.

The Company major problems are problems of importation of raw materials and the poor performance of the Economy which turn to affect its production showing since the Auto manufacturing firms place very low orders. Also the problem of light and cost of Diseal.

7.5 GENERAL ASSESSEMENT OF PERFORMANCE OF THE AUTO-INDUSTRY IN NIGERIA

7.5.1 ASSEMBLY PLANTS

Generally, it is said that the total fixed capital investment in the Assembly plants or Automative Industry stands above US $ 400 million or N34 Billion with a direct employment potential of over 100,000 persons. The objectives of the Federal Government in establishing the plants were/are as follows (ANAMCO News, 1998:7):

a) To aid the early intergrated development of the indudstry by exercising some measure of control over both the passenger and commercial vehicle arms of the industry;

b) To accelerate the stagnant pace of local parts incorporation by halting the trend towards a proliferation of makes and models thereby ensuring the

parts for the few makes available can be locally manufactured in commercial quantities;

c) To stimulate the growth of indigenous automotive components manufacturing and ancillary industries.

d) To ensure greater standardization of products towards a progressive indigenous technological development.

In assessing the performance of these Assembly plants particularly the identified five, it can be said that in the late seventies and up to mid 1980s, their performance was high and appreciable. But the late 1980s and much of the 1990s have been periods of just surviving to remain in the market. Infact VOWN and NTM Kano have folded up. We can therefore sum the problems responsible for this based on visits, interviews, observatons etc as follows:

a) The problems of Influx or FBU cars. Importation of cars in 1993 for instance was 154, 554 vehicles just through the Apapa port. In fact statistics compiled by NAMA has shown that the production of all the Automotive plants in Nigeria was 10,329 or 6.68% of the imported vehicles. January and May 1994 saw a total importaton of 57,671 vehicles of different brands and models coming in through the ports. 35,388 units constituted both new and used cars and 9,980 commercial buses and 6,39 trucks within the same period (Auto news/1994:2). Infact between 1995 -

1997 vehicle spare imports into Nigeria averaged N30 Billion ($400 US) annually. 307, 734 vehicles were imported from 1993 - 1996, 270, 373 of these (80%) were used vehicles, while 37,361 (12%) were new vehicles, local production during these period was 27,070 (9%) of imports (NAC News 1998a:1). The implication of this is that locally built cars which are more expensive are hardly patronised. Thus the industry are not adequately protected.

b) Secondly, there is the problem of low level of local content added. This is of course due to high cost of funds for development of the arcillary industries. Moreso, the core industries which are suppose to form major suppliers of the needed raw materials like Flatsheets (steel), Engineering Plastics aluminum etc are yet to take up seriously NACNEWS, 1998b:1).

c) The problem of diversification and then indigenizing the products and production process. There is no doubt that there has been attempts to diversify in terms of production and production process as a way of curving an identity of a Nigerian made car. This is because Brazil for instance established its Volkwagen plant almost the same time with Nigeria. Its local content development and incorporation led to the design, development and productin of Volkwagen Amazon. It is also known that the Igala and R10 were developed there (Auto- Nigeria, 1996:II).

d) The Assembly plants also suffer from the problem of foreign exchange. This has been worsen through the SAP era where the local currency continued to be devalued to a rediculous level as compared to the foreign currencies. This turn to reduced ability to import more (KDS etc.).

e) Government Tax policies have been very unfovourable to the Assembly plants. It was until the 1994 budget that major tax reduction and relief policies were out for the Assembly plants. This was the imposition of between 30 - 100% on FBU and duty on (KD and other raw materials, by Assembly plants. These are however more useless by excessive summugling of FBU into the country and selling them far below the market price of FBU local cars.

f) The poor performance of he Economy of course can be said to be a major problem the Assembly plants to produce. This is because people have very low purchasing power and are faced with more serious issues of surviver than thinking of owning a car. Thus, demand for cars are low and the Assembly plants are only left with Government as only or major customers. Thus only when Government or major coporate bodies places orders before production takes place.

Associated with this is the unwillingness to invest in the Assembly plants. Because it is a longterm investment individuals hardly want to invest in

them. And even Government the major share holder in these company hardly meets its side of the remitting subventions. The implication has been the reliance by the company on the foreign partners. This invariably have given the foreign partners more control over the companies. Hence, the companies turn to operate more as foreign business firms interested in maximizing and protecting their profit than being participants in the process of developing an indigenous Auto - technological Industrial Complex.

g) Another major problem inditified with the Auto Assembly plants is the issue of expiration of technical agreements. It is important to note that the technical partnership agreement provided for the establishment of a standing Technical Commettee to monitor the implementation of the agreement and hence advance the course of the Auto industry in Nigeria have long expired. The committee too indeed had been in existence since the inception of the assembly plants. However, it rather focussed itself to the issues of import liencing to the Engineering sub-sector and consequently became moribund when the import liecence regime was scrapped in 1986 (AUTO Nigeria 1994:4).

On 7th March, 1990, a new standing Technical Committee (STC) on Nigerian Automotive Industry (NAI) was reconstituted, and was made to up of NAMA ALCMAN, MANCON, Nigerian Society of Engineers and the representative of the Ministry. It was

saddled with the responsiblities of regularly studying and reviewing the development of Automotive parts and components in Nigeria: evolving local content delation programme for the Auto Assembly plants and recommending measures to ensure compliance; putting forward measures to ensure the standardization of models of vehicles envisaged for the Nigeria Auto markets; And for casting the demand and supply pattern for various types of vehicles produced in Nigeria and basic raw material requirements.

The STC took over the function of the sterring Committee on the lowcost Nigerian Car. It was the STC that did recommend the establishment of CADD at ABU Zaria to act as its Technical and Specialised and operational arm of STC and NAI was later change to National Automotive council (NAC) on 27th, July 1993 ...

7.5.2 PRIVATE INDIGENOUS AUTO-COMPONENT INDUSTRIES

Table 7.2 shows a clear summary of private indigenous Auto component Industries visited . Apart from their specific problems identified and presented accordingly in this Chapter, general observations on the company visited can be summed as follows:

Table 7.2 INFORMATION ON SELECTED INDIGENOUS PRIVATE AUTO-COMPONENT MANUFACTURING COMPANIES IN NIGERIA

S/No.	Name of Company	Location and Address	Major *Products/Activity*	State of Production	Remarks
1.	IBE TO GROUP	60 Igwe Orizu Road P.O. Box 131, Nnewi Anambra State	Batteries, brake pads and plastic mator parts	High level of production in place	Fantastic and co-ordinated efforts with good foreign inputs
2.	OCEFILTER Manufacturing Industry Ltd	Mileir, Nnewi - Onitsha Road, Nnewi, P.O. Box 1483, Lagos	Oil, Fuel and Air filters,	Production in place	Good efforts towards Auto Component Industry
3.	*URU* Industries Ltd	*N01220* Werri Road, Nnewi	*Throtte*, Clutch Cable, Choke	Production in place	Good efforts towards Auto Component *Industry*
4.	NOCELG Fibre Glass Ltd	70/70 Faulks Road Aba P.O. Box 2446 Aba, Abia State	Fibre Glass Components	Production in place	A major producer for ANAMCO and GM PAN
5.	CHIEME MOTORS Nig. Ltd	33 ST. Michael P.O. Box 01393, Aba Abia State	Fan Blades, Fuel filters, side mirows, Break linnings, Rubber wheel covers, grills plastic and rubber motor products	Production in place	A good supplier to Assembly plants
6.	Automotive *Component* Industry Ltd	Plot 3, Yam *Market Road* Sabo Tasha *P.O. Box 1350* Kaduna	Vehicle seats with *form*	Production in place	Trying to deversify, *very low output* because of low *demand from* Assembly like plants ANAMCO & PAN.
7.	Iso Glass Nig. Ltd	Plot 17, Blocke, Olugoe Industrial Estate Ibadan, P.O. Box 933, Ibaan Oyo State	Windscream and side glasses	Production in place	Servicing Auto comapnies well but has diversified into Architectural Glasses because of low demand from Auto firms.

Source: Field Survey and Inspection, 1999

a) Based on visits, observations tec, private sector presence in the Auto-Industry *making serious contributions to the survival of th sector*. *This is minifested more* in the production of Auto parts and components, particularly where the major companies cannot produce affordable cars. In this case, the entrenched maintaince

culture depends so much on the spare part market. In fact this sector is so developed that it has foreign partnership agreements where it is able to produce things hitherto imported. The private Auto Industries are therefore, doing much in the area of Technologyical transfer.

b) Most of the indigenous Private efforts in the Auto-industry suffer from low capital base. The low capital base is a product of initial low capital inventment (as most investors start with pensonal savings). For instance of all the six companies in this category visited, only Automotive part Kaduna that was able to get a million Dollar European community loan. But the background of the owner as a RTD military general of course explains this.

The implication of this is that there industries are unable to expand in size and quality of the production process. That is they are unable to buy bigger and more sophisticated machines.

c) It is a common problem among the private Industries that they suffer from problem of infrastructure particular Roads, Electricity and water supply. The Industrial Estates and Towns e.g. Aba and Nnewi hardly have good Roads, either are the roads leading into the towns e.g. Onitsha Nnewi or Awka Nnewi and Portharcourt Aba or Enugu Aba very Good. Thus, Raw materials and end products turned to be damaged greatly during transportation. Absence or erratic supply of Electricity

and water create the problem of self generation of both which carries addition production costs and end up with higher cost of products.

d) It is clear that the relation among firms in the auto Industry i.e. both the Assembly and Allied Industry, and Private firms is sound. There is an interdependence based on the Principle of comparative advantage in the production process. This kind of relation is a good ground for solid Agro - Industrial potential since, the process breeds self feeding and sustainance in the Industry. Most importatly is the fact that most of the raw materials can be sourced and developed locally.

e) It is obvious that there is under utilization of the industries because of low awareness of Indigenous industrial potentials of the country, for instance there is low awareness of fibre glass and its advantages as compare to other conventional process of frabrication existing parts.

f) Government assistance and co-ordination continues to be low in the area of indigenous Auto-technological development. Lack of proper and co-ordinated assistance to these firms is of great dis-service to the industry. This is because Government massive assistance and Intervention in this sector else where like Japan, Germany, South Korea have led to major breakthrough by these companys aud indeed the country as a whole.

g) Lack of Government involvement breed in standardization and definate problems in the progrssive direction in the production process. This thus limit the pace, level and quality desirable in the Auto industrial development process.

h) Another observation on the private sector role with Nigerian Auto - business is the fact that they lack confidence in their abilities. They produce products but print different tags on them e.g. made in Taiwan etc (Jolaya, 1999). This has reduced the level of continous innovation to Standardise that product since when it fails the bad name hardly goes to them.

7.5.3. EMPLOYEES AND THE STATE AND THE OF AUTO INDUSTRY IN NIGERIA

Here, attempt was made to solicit response from Employees in Major Auto and Allied Industries in Nigeria which are functioning or have some level of activity present at the Industry site. These were PAN, Steys, NMT, ASCL, and MB-ANAMCO. The major information sought was to find out how their conditions of service affect their productive output, their own impression of what consititute the problem of the Industry and that of the Auto - Sector in general and their suggestated solutions to the problems.

Tables 7.3 - 6 are summerised responses from wrokers in the 5 companies identified above.

TABLE 7.3: DATA ON QUESTIONNAIRES DISTRIBUTED TO FIVE MAJOR AUTO AND ALLIED COMPANIES IN NIGERIA

Company	PAN			STEYR			NMT			ASCL			MB-ANAMCO		
	JS	SS	MS	JS	SS	MS	JS	SS	MS	JS	JS	MS	JS	SS	MS
No. of Question-naires Distri-buted	5	5	2	5	5	2	2	3	1	3	2	2	2	1	3
No. of Respondents and their Percentage to those Distributed	3 (60%)	3 (60%)	2 (100%)	3 (60%)	4 (80%)	2 (100%)	2 (100%)	2 (67%)	1 (100%)	2 (67%)	2 (100%)	2 (100%)	2 (100%)	1 (100%)	3 (100%)
Total Respon-dents in a Company as a Percent of Total Distribu-tion	8(66.75)			9(75%)			5(83.3%)			6(75%)			6(100%)		
Total working figures as a Percentage Total Distributed	33(75%)														

Key - Js - Junior Staff
Ss - Senior Staff
Ms - Management Staff

SOURCE: Field work Survey 1999

TABLE 7.4: RESPONDENTS ON ATTITUDE OF WORKERS IN FIVE MAJOR NIGERIAN AUTO AND ALLIED COMPANIES ON CONDITIONS OF SERVICE

Company	PAN		STEYR		NMT		ASCL		MB-ANAMCO	
	YES	NO	YES	NO	YES	NO	YES	NO	YES	NO
Are you satisfied with your remuneration/conditions of service	8(100%)	0.(0%)	8(100%)	0(0%)	1(20%)	4(80%)	1(25%)	5(75%)	6(100%)	0(0%)
Better or Poor Remeration and conditions of Services Influences your attitude to work	8(100%)	0(0%)	8(100%)	0(0%)	5(100%)	0(0%)	5(100%)	0(0%)	6(100%)	0(0%)

Source: **Field work Survey 1999**

TABLE 7.5: EMPLOYEES IN FIVE NIGERIAN AUTO AND ALLIED COMPANIES'S RESPONSE TO PERCIEVED PROBLEMS OF THE COMPANIES

S/No.	NATURE OF PROBLEM	NO. OF RESPONDENTS	PERCENTAGE
1.	Funding	15	45.5%
2.	Management	10	30.3%
3.	Raw material availability	5	15.2
4.	Conditions of Service/Welfare	2	6.1%
5.	Lack of Government Committment	1	3%
6.	Total	33	100%

SOURCE: **Field work Survey 1999**

TABLE 7.6: EMPLOYEES IN FIVE NIGERIAN AUTO-AND ALLIED COMPANIES' RESPONSE TO POSSIBLE SOLUTIONS TO THE PROBLEM OF THE COMPANIES AND THE AUTO-MOBILE INDUSTRY

S/No.	NATURE OF PROBLEM	NO. OF RESPONDENTS	PERCENTAGE
1.	Increase Funding and Capitalization in Industry/Companies	9	27.2%
2.	Improvement in the Economy, and better management	8	24.2%
3.	Encourage Government for Patronage.	6	18.2%
4.	Government Commitment to industrial success by Emphasising on on investing in R & D	3	9.1%
5.	Encourage and Invest in the Auto-sub sectors	3	9.1%
6.	Better Tarrif Regime to Encourage CKDs and Discourage FBUs	2	6.1%
7.	Others e.g. Environment Infrastructure etc.	2	6.1%
8.	Total	33	100%

SOURCE: **Field work Survey 1999**

As can be seen in Table 7.3 a total of 75 Questionnaire were intended to be distributed to selected companies on the ratio of junior staff (JS), Senior Staff (SS) and management staff. All in all 15 Questionnires for each of the companies and a ratio of

5 each for each of the ranks was intended. However, the reality on the ground and logistics involved could not permit that. Thus only 43 could be administered and the distribution as shown. At the end, only 33 were retrived representing 75% of total distributed. The issues raised were selected in order to get response on attitude to work and which company shows the propensity to survive more by keeping staff moral high and in return extracting committment and high labour value.

It is therefore clear as we see in Table 7.4 that PAN, Steyr and MB - ANAMCO have a response of 100% in favour of satisfaction. Infact in the oral insterviews conducted at PAN for instance gives free medical services for the staff and family, and also pays children school fees allowance and all other kinds of inducement. Steyr and MB - ANAMCO offer good free medical care for staff and family and pays all kinds of bonnses to staff as sales increases. Infact, at the senior and management levl at MB - ANAMCO, Remeration are individually Negotiated. Thus, the response becomes obvious as shown that better rumerations and conditions makes working attitude higher.

On the other hand, ASCL and NMT are the reverse. These have seen long periods of no salaries mostly because of no Government subvention. The implication is poor welfare facilities. Thus constant confrontation between staff and Management. Infact at Ajaokuta over 80% of the Pionier Engineers who started work there have left for better jobs. And as observed from the place most who remain is because they have

not gotten good or better places to move to (Annul, 1999). The same was observed in the case of NMT. (Adeniyi, 1998).

On the issue of the problems in the Auto and Allied Industries, the problem of funding is identified as the first major problem 15 Responents representing 45.5% agreed that it is the main problem. About (30.3%) responded that management of these companies too contribute to these problems. This is mostly associated with NMT and ASCL. The issue of Raw material comes third with five (15.2%) respondents. Problems of condition of service and lack of Government commitment follows with 2(6.1%) and (3%) respectively.

In terms of their suggested solutions as to addressing these problems for table 4.6 shows that 9(27.2%) responded that Government should increase funding and recapitalize the Companies/Industries. While 8(24.2%) believe that a general improvement in the economy and better management had 6(18.2%) respondents the need to encourage people to invest in the Auto sub-sector had 3(9.1%). Better Tariff regime had 2(6.1%) responded and others like better environment, infrastructural facilities had 2(6.1%) respondents.

What becomes clear from the data collected and analysed through the tables is that these is available in the country a solid industrial base for the Auto Industry. The Assembly plants build by Government a solid enough to turn the Industry into any serious productive activity so desired. The private efforts have revealed the presence of an

organised private sector in the industry that if encourage and properly guided, it can perform marvelously.

However, the problems have been lack of a proper determined direction by the leadership. The implication of this is that those charged with the responsibility of managing these industries have rather received them. The private efforts are never even recorganised in government policy.

7.6.1 NATIONAL AUTOMOTIVE COUNCIL OF NIGERIA (NAC) AND THE NIGERIAN AUTO-MOBILE INDUSTRY

The origin of NAC it has been stated must be traced form the problems associated with the Auto industry. This is because the absence of a major monitoring boday to supervise the way the Agreements were being implemented made the technical partners to neglect most crucial aspects of the agreement like the development of local content. VWON for instance imported virtually everythig. And because of its very low local content added, it couldn't sustain competition where economic conditions became has. And when Government refused to pump in funds as it demanded, the plant up folded up (Utit, 1999).

Nigeria as a country interms of viable Auto-industrial development did not gain much from the assembly plant arrangement. This was mostly because of the law local content value of thes plants and products to achieve this, a National Automotive policy (NAP) was therefore launched on 23rd August 1993. NAC was therein, established

within the same period as a parastatal under the Federal Ministry of Industry to monitor the implementation and success of NAP.

7.6.2 NATIONAL AUTOMOTIVE POLICY (NAP): NAP OBJECTIVES

The National Automotive Policy basically had responsibility to see to and ensure the survival, growth and developemt of the Nigerian automotive industry using local human and material resources. This is with a view to enhancing the industry's contribution to the national economy, especially in the areas of transportation of people and goods. Its main objectives were:

a) Provision of automotive vehicles for Urban and rural areas;

b) Accelerated technological developent of the Nigerian economy:

c) Increased employment opportunities for Nigerians;

d) Conservation of scarce foreign exchange;

e) Establishment of integrated automotive industry in Nigeria;

f) Standardisation and Rationalisation of the Nigerian automotive industry;

g) Increased private sector participation in the establishment of the Auto industry;

h) Technology acquisition, and

i) Creating conducive operationa environment through the introduction of appropriate fiscal and monetary incentives. (NAC, 1993).

ii) **ESTABLISHMENT OF AN INTERGRATED AUTOMOTIVE INDUSTRY IN NIGERIA**

The policy also had an integrated automotive vehicle manufacturing programme. This was to address issues like incorporating body, machanical units, trim, accessories and miscellaneous component parts and material manufacturing activities shall be pursued using local human and material resources. The main objectives here is:

a) To accelerate technological and industrial devlopment, domesticate and disperse total automotive technology within the country and thereby facilitate the production of a Nigerian Vehicle:

b) To provide automotive vehicles for urban and rural areas and thereby facilitate growth in the agricultureal and other sectors;

c) To increase local value added in automotive roducts, and

d) To conserve Foreign Exchange earning and promote export of automotive products.

The Strategies for Implementation of the above were identified as follows:

(i) Revitalising the substaintial but dormant investment in the automotive industry;

(ii) Encouraging the Technical partners to invest in further manufacturing facilities to address the production of vehicles and spare parts redesigned for Nigerian conditions using local resources;

iii) Encouraging all auto assembly plants to establish functional Research and Development Department;

iv) Providing Governemtn support to CADD and other Auto Development outfits towards the realisation of the Nigerian vehicles;

(v) Formulating a long term National Automotive Plan;

(vi) Enforcing CKD kits deletion programme, and

vii) Providing incentive to auto manufactureres to export their products particularly to ECOWAS Sub-Region (NAC, 1993).

iii) RATIONALISATION AND STANDARDISATION OF THE AUTOMOTIVE INDUSTRY

Here the policy focus was to look at the viability of automotive manufacturing plants through the consolidation and restructuring of the existing assembly plants and rationalisatio of models/brands, and standardisation of spare parts of vehicles produced. Main objectives here are:

(i) To develop full manufacturing capacity for companies already operating;

(ii) To create the volume necessary for as many vehicle and components as possible to be produced locally with less frequency of line changes;

iii) To realise maximum cost effective benefits of economy of scale;

(iv) To brighten the chances of local components manufacture through the standardisation of parts and

(v) To create sufficient demand for the vehicle and auto components manufacturers.

The Strategies for Implementation of the above are to be as follows:

i) Defining stiff criteria for licensing as automotive manufacturer for the conventional vehicle:

ii) Government and its Agencies should purchase locally produced automotive vehicles and spare parts for all their programmes and projects;

iii) Production of two car and three truck models by each car and truck assembly plant respectively. For the low cost vehicle, models to be manufactured would be rationalised and approved by the National Automotive Council (NAC), while its engines would serve the motorised bicycle and motorcycle industries;

iv) Undertaking regular studies by NAC to identify parts, components and materials of common application to the automotive and other manufacturing industries which can be progressively standardised;

(v) Encouraging inter-sectoral collaboration on parts standardisation by NAC and CADD;

(vi) Extending Hire-Purchase facilities to medium income earners through the established manufacturing and distribution networks, and

vii) Reviewing the scope of operation of "small business" development banks to ensure that they provide adequately for the needs of transport operators and an adequate level of support for the pruchase of low cost vehicles (NAC, 1993).

iv) COMPONENT PARTS IMPORT DELETION PROGRAMME

The Policy also stated that there will be phased component parts deletion programme for cast, pressed and forged body and mechnical parts and trim/asscessories, with the establishment of relevant engineering infrastructurers. This is to achieve the following objectives:

i) To progressively incorporate locally produced components to the vehicles manufactured in Nigeria, thereby leading to the development of the Nigerian brands of vehicles;

ii) To acquire modern foundry machining, metal pressing and tooling skills and

iii) To create employment opportunities for Nigerians.

The Strategies for Implementation of the above is as follows:

i) NAC to encourage the establishment of a press shop foundry, heat treatment plant, machine shop and tool room that will be dedicated to and centrally run for the assemblers and parts manufacturers;

ii) Implementation and early completion of the phase II of Ajaokuta Steel Project -- the Flat Sheet Mill;

iii) Encouraging the NNPC and other interested private sedtor investors to embark on a period of the manufacture of enigneering plastics resins;

iv) Reviewing Agreements with Technical Partners and incorporating firm component parts deletion programme;

v) Introducing measures and mechinery to monitor the quality of locally produced automotive parts, and

vi) Deleting of imported parts to be achieved in three phases of up to 50% in 1999; up to 75% in2005, and up to 100% in 2017. Technical Partners shall assist the Assembly Plants in increasing local value added by attracting their traditional sub-suppliers to Nigeria. The basis of calculating the deletion percentages shall be agreed with the National Automotive Council. (NAC, 1993).

v) PRIVATE SECTOR PARTICIPATION

The NAP also had provision for Private Sector Participation. Local and foreign investors are to be encouraged to establish automotive vehicles and component parts outfits. The aim here is

To attract local and foreign investors to participate in auto - components manufacture.

The Strategies for Implementation this are:

i) Encourage local and foreign investors to invest n the automotive sector upstream activities;

ii) Promoting enlightenment programmes by way of seminars and workshops by NAC for prospective investors on the opportunities available in the automotive industries.

iii) Preparing marketing brochures highlighting opportunities for investment and forwarding them to embassies of relevant countries in Nigeria and also to Nigerian Embassies in foreing countries with developed automotive industries;

iv) Partial privatisation of existing automotive vehicle assembly plants.

vi) **TECHNOLOGY ACQUISITION**

NAP also addressed th isue of Technology Transfer and acquisition. This is to bring in Relevant automotive know-how that will enable the country establish a self-reliant automotive sub-sector shall be acquired. The key objectives here are:

i) To develop capability to engineer, produce, and assemble automotive vehicles and auto-components, and

ii) To develop managerial and technical skills for designing, constructing, operating and maintaining automotive manufacturing plants.

The Strategies for achieving this are:

i) Involving Nigerian Engineers and Technicians in product development and modification work;

ii) Adhering to the CKD parts deletion programme by encouraging and supporting Nigerian investors to go into automotive components production;

iii) Involving Nigerian Engineering Consultants and Contractors to play key role in the project implementation and further development of the automotive sub-sector;

iv) Exposing Nigerian Managers, Scientists, Accountants, Engineers and Technicians to the intricacies of managing, operating and maintaining automotive manufacturing plants and standard service workshops;

v) Deletion programme to be set according to parts (and not percentage) for which it is desired to acquire their technologies, and

vi) Encouraging the existing assembly plants to purchase and adapt specific technologies used for the manufacture of the models of vehicle approved for them (NAC, 1993).

vii) **FISCAL, MONETARY INCENTIVES AND PROTECTIVE MEASURES**

NAP also addressed the issue of having a conducive environment for automotive assembly and manufacture This will be:

i) To protect and foster the Nigerian automotive assembly to achieve an appropriate local content development level and high market penetriation;

ii) To stimulate fresh investment in the automotive sector, and

iii) To encourage existing business to expand their operations and increase their market shares.

To achieve this, the strategy will be in:

i) Permitting investment allowance deductions and other reliefs and regulations as provided for in the industrial policy of Nigeria;

ii) Maintaining a minimum of 40% Customs duty differential between CKD and FBUs in order to encourage local components manufacture;

iii) Providing soft financial services and loanable funds to service the automotive industry through Development Banks such as Urban Development Bank, NIDB, NBCI ICON Merchant Bank and NERFUND;

iv) Concessionary importation of raw materials, semi-assembled materials and equipment at low duty rate (for material and equipment not available in Nigeria and used for manufacture of vehicle parts only), and

v) Restricting importation of FBUs to approved models and brands (NAC, 1993).

7.6.3 FUNCTIONS OF THE NATIONAL AUTOMOTIVE COUNCIL (NAC)

To achieve the objectives of NAP and th Federal Government desirous to develop and establish a viable and self-sustaining automotive industry put in place a technical body capable of initiating, recommending and supervising policies and programmes for locally manufactured vehicles and components. Hence, the National Automotive Council was set up on 25 August, 1993. The functions of NAC (new nomenclature for the Standing Technical Committee on the Nigerian Automotive Industry --STC on NAI) include the following:

(a) Regular study and review the automotive parts/components development industry in Nigeria;

(b) Evolve a local content programme specifying which components and parts to be continously deleted from the imported CKD parts;

(c) Recommend incentive measures for ensuring compliance with approved local programme;

(d) appraise and recommend new models of Vehicles envisaged for the Nigerian market to ensure model rationalisation;

(e) Identify and classify the components and parts which can be standardized to ensure their interchange ability:

(f) Monitor and ensure compliance of automotive vehicle with environmental and technical safety regulations

(g) Regularly evaluate the pricing structures and quality of the products of assembly plants to ensure international competitiveness;

(h) Forecast the demand and supply patterns for various types of automotive vehicles produced in Nigeria and the basic raw materials requirements;

(i) Liaise with relevant organisations charged with the production of raw materials (e.g. sheet metal, alloy/special steel);

(j) Regularly review th penalties to be imposed for non-compliance with the guidelines and programmes, and

(k) Handle all matters relating to the low cost vehicle project.

(j) Carry out inspection and other quality assurance activities in factories, ports and roads in pursuance of other objectives specified in this section.

The National automotive Council and its Secretariat shall have a parastatal status supervised by the Federal Ministry of Industry (FGN,1993:13).

ii) **AN ASSESSEMENT OF NAC IN RELATION TO NAP AND THE NIGERIAN AUTOMOTIVE INDUSTRY**

Since the establishment of NAC in 1993, its achievements and problems can be seen in the following:

a) NAC is working out a modality for the take off of the Auto Development fund. This is to provide funds for investors in the component part industry and Assembly plants payable over a period of minimal interest. Much of the money is to be drawn from the 2% levy on imported CKD, Auto raw materials and spare parts. Here funding and loans at concessionary rates of interest will be provided to Assembly plants and spare part manufactures. The fund is also to be used to support research activities in the related fields. Banks are actually to be involved for proper use and supervision. The point however, is that this many has never been released (utit, 1999).

b) Efforts are underway between NAC and NAMA for the establishment of a central press shop. The facility is to enable the producting of various pressed vehicles body parts such as fenders, bonnets, windscreen frame etc. It will provide for component part manufacturers. This will be such that between 10 - 15 years starting from 1999, Nigeria should be in a position to attain 90% local incorporation through the production of parts

and components. This will ultimately within the same period usher in a car, a Nigerian Tricle (NACNEWS: 1998).

c) NAC has started a programme for Automotive component deletion. The programme as was formulated was to be in three phases i.e. Phase I 1995 - 1997. This was suppose to be very light components (see Appendix). The second phase was to last from 1996 - 2005) Consisting mostly of Mechanical parts. And the Phase IV is to start from 2005 - 2010 will be Engines and Engine parts (Appendix IV). And in 1998 proposal for deletion were out. (See Appendix VIII A - D).

d) To achieve most of these NAC has identified inspected and shortlisted 14 foundaries that can produce auto parts in Nigeria. These are:

1. Nigerian machine Tools, Oshogbo.
2. Canplas Ltd., Lagos
3. Ajaokuta Steel Co. Ltd. Ajaokuta
4. Olympic Technical Works Abagana
5. Delta steel company Aladja
6. Bamfords International, Jos
7. Star precision foundaries, Iko
8. Defence Industries Corporation
9. Nigerian Foundaries Ltd. Lagos

10. Basic Tech. Industries Ltd.,Kano

11. Central Workshop, FMW, Lagos

12. Addis Engineering, Lagos

13. Jimex Group Ltd., Nigeria

14. Auto components, Otta (NAC News, 1998)

Based on this, a new Deletion programme is being considered. (See Appendix VIII A - D). Yet the practical result is that nothing serious in this direction has been implemented).

a) Another issue work mentioning about NAC is its position about the Nigerian car. NAC as has been stated above and else where NAC believes that there is no need to reinvent the wheel. The country should learn and acquire existing Techno - know - how and then diversify so that a stardardise Nigerian Car can come out. Its arguement is that in all the world, no car manufacturing country produces 100% of what it needs. It normally contract part out to countries that have comparative advantage. Thus, Nigeria should adopt existing models, buy patent from original owners and give it a name examples given here are:

b) The Indian TATA Trucks is an old model mercedes Daimeler Benz. However, the Indians sought the patents and changed the name. All they did was to change the body and started reshaping into producing their own

parts. And today, 100% TATA is Indian. They have from here gone into other models of TATA like Buses, Smaller cars, pick ups (Utit, 1999).

c) Another variant of adopting the wheel is the South African example. here, there is the attempt to standardise the Auto Industry so that just one major Engine and Auto System is in circulation in the Industry. Thus both the Jinger and mapo (South African Cars) all have the same Engine. The advantage here is that you have less burden in managing the problems. All the machanics learn and know how to manage the Engine. And there is from here more expertise and efficiency, and work maintainance culture. The parts too are more developed (ibid).

d) Dispite the lofty and good ideas NAC seemed to have problem of funding to carry out the plans listed. Apart from the fact that the ministry of finance is not releasing the statutory 2% custom revenue on imported Auto - components, NAC depends only on Government subvention which are hardly enough to carry out some of these projects which are highly capital intensive and require large sums of money.

e) It also appears that there is conflicting interest or lack of proper co-ordination and co-operation between NAC and CADD. CADD is suppose to be a technical arm while NAC co-ordinates activities. This is based on the fact that there does not seem to be agreement on the issue of what

should be the nature and form of a Nigerian car while CADD will be seen in the next session believes in investing a Nigerian car, NAC believes in adopting an existing model and developing it. Yet CADD is not restrained nor is it forced to co-operate with NAC. This, lies the paradox and confusion in the Auto Industry.

Generally, it can be stated that NAPs objectives are not that effective for the government have not taken up the task and responsibility of having a solid, well co-ordinated and functional Automobile Industrial policy. The way the Assembly plants have collapsed, the lack of development of the component sectors and a clear operational programme for the private sector all attests to this. But most importantly a look at the uncordinated relationship between the government Administrative units in the sector expose this the more.

7.7.1 CENTRE FOR AUTOMOTIVE DESIGN AND DEVELOPMENT (CADD) ZARIA

CADD has its orgin in the Federal Government's concern for alleviating the problems of rural transportation through efforts to Introduce three wheel vehicles. Government through the Ministry of Industry assigned four organisations (Ahmadu Bello University, Zaria, Project Development Agency, Enugu, Kwara State Polytechnic and Addis Engineering) to pioneer the development. After two years of efforts, a workshop in 1988 and a review in 1989 gave rise to the formation of a review committee. The

1988 workshop did infact led to the initial concept of a tricycle giving way to a much broader concept of a low cost vehicle which would be low cost relative to other imported fully built or assembled locally. The idea was that vehicle components should be such that it can be substantially manufactured locally and designed, materials and machinery must rely mainly on local capacity and capability (CADD, Nd:1).

To achieve this, the committee suggested the resuscitation of the standing committee on Nigerian Automotive Industry. The committee then recommended the establishment of a central Unit that will be properly equipped and staff to coordinate all research and development work on the low cost vehicle. CADD was therefore, established by Decree 107 of 1992 with the following objectives (CADD, Nd:2):

a) Design, develop and test low cost vehicle proto types;

b) Provide technical support servcies to the Engineering Sector;

c) Liase with the Association of Local, content Manufacturers of Nigeria and the Nigerian Automobile manufacturers Association to ensure that the existing capabilities are fully utilised;

d) Draft and recommended standards for the automotive industry;

e) Co-ordinate the research and development activities of the Association local contents, manufacturers of Nigeria, the Nigerian Automobile manufacturers Association and other existing centres.

ii) **AN ASSESSEMENT OF CADD IN RELATION TO NAP AND THE NIGERIAN AUTOMOBILE INDUSTRY IN GENERAL.**

In its establishment CADD have made quite some achievements and also failed to live up to most expectations.

a) To achieve its objectives, CADD has tried to put some facilities in place. These facilities at its workshop at the temporary site, new Faculty of Engineering Complex, Ahmadu Bello University, Zaria has the following facilities in place: Jig Borer, Indusction furnace, metal Analyser, Computers, Machine shop with lathe Bending machine, Drilling machine, power saw, compressors, electiric press glass reinforced plastic (GRP) facilities, Quality control equipment, carbon dioxide, Gas and Arch welding machines (CADD,Nd:4).

b) CADD has also been able to develop and test effectively three proto type cars namely CADD first Protype - mark I, CADD second prototype - mark II and CADD Hard Top prototype - mark II Hardtop, and it has also produced and tested effectively a prototype Tricycle. The Mark II prototype car has been driven effectively from Zaria - Kaduna - Lagos. (Appendix IX a - c and X a - c).

c) Interms of local content co-ordination, development and utilization, CADD has achieved much. First CADD has commissioned and sucessfully identified 194 Auto companies. This include Assembly plants,

components and spare parts industries (CADD, NDb:1-11). Also, CADD in the production of the prototypes above, made use of these indigenous companies to achieve its aim (Appendix IXA - D).

d) A major issue observed from CADD's activities is the lack of proper co-ordination and direction as to the future direction of the Auto industry. Although there is a committee comprising the standard organisation of Nigeria (SON), NAL and CADD to look into a standardised process of having a balance future for the motor industry, there still has not been a focus. A good example is that CADD believes in the theory of inventing a Nierian. It argues that even when you want to adopt you buy the patents and rework it to build your own designs. Because if you depend totally on total imports you may run into trouble. In its mark I and II proto car, a NISSAN Engine bought in the market has been used to Test the other components of the car invented and developed locally. It is presently making efforts at inventing or developing an Engine model. The arguement here is that addition of local contents to the Engine been used so as to make the end product cheaper when mass produced (Tony, 1999).

Thus, CADD's philosophy is that even when yhou are adopting a model, you do so much to add local content so as to reduce dependence on the parent company (Jolaya, 1999).

e) It can therefore, be seen that there is no major difference between CADD and NAC on the Philosophy of Nigerian car. Rather what is apparent is CADD existence as a unit outside the supervision of NAC yet still getting Ministerial support creates problems for the Auto Industry. CADD has operated for over three years without a board and an Executive Director whose tenure has elasped within the same period. Thus based on the non-implementation or improper co-ordination of the Governmental structures there appears no central position between the assembly plants, CADD and NAC. Each of the assembly has its own local content development programme to suit its particular objectives, in terms of industrial profficiency, convinience and profit rather than a focus on the future.

f) CADD which is supposed to be a research centre and is presently situated in the Faculty of Engineering A.B.U. Zaria, really believes and want to be known more as a parastatal of the ministry of Industry. However, the focus on research is completely not on its programme. CADD has no grants or research facilities for the undergraduate or post-graduate levels. This has excluded the various research inputs normally which such a centre is exposed to or enjoys in an academic environment.

g) Another issue is funding. Becuase of lack of proper funding, CADD is still on its temporary site, unable to move to its permanent site. It has

also because of funds being unable to have faciliteis like Administrative buildings, prototype workshops, laboratories community facilities like Health clinic, Canteen, Recreational facilities etc, staff housing, and a maintainance and service unit (CADD NDa: 4 - 5).

7.8 NIGERIA AND SOUTH KOREA: AN ANALYSIS OF EXPERIENCE

In this chapter, focus has been on the role of the, Nigerian state in developing Automobile industry. Generally as has been discussed in the work the conception and attitude of development, of the developing countries bring a peculiar picture. In most cases an indigenous military took over power and in alliance with international capital and the local bourgeeoisie marred or accerated development and industrialization as the case may be. And it has produced results depending on individual country and leadership perception and conception of power and national development objectives. This appraoch does not depict military in the developing countries as the best form of rulers, but because they have occupied power longer in post-colonial era. Moreso, development policies in these countries have been conceived and implemented more under the military. In effect the assessment of industrialization in Nigeria and the Automobile industry in particular has thus been articulated and the tremendous success recorded in South Korea is seen under this light and more through this approach. The results particularly with a comparison to what has been achieved in the Republic of South Korea shows that

development is possible in a developing country. In doing this, it is necessary to explain and differentiate the relative autonomy of the two states, the shift from the soft state to the developmental state in Korea, an understanding of geographical and political factors that warranted such state interventions in economic transformations and the high level of administrative capacity and efficiency or inefficiency of policy makers and state actors in these states.

The Korean miracle has come about by following the authoritarian path where it has provoked tremendous interest and controversy among scholars and policy makers. Their success have shown that a developing country can make achievements in high growth rates, poverty reduction and shrinking socio-economic inequality. But most importantly, it has opened up for serious consideration among developing countries the centrality of government involvement in the development process as it plays a pervasive and catalytic role in their development process. But in this process five key factors are central in this development process, these are a broad based growth strategy, with high investment in human capital, with primacy given to agricultural eorms and the forgoing of extensive links to the world economy through the promotion of exports and FDI (Adedeji, 1988:9-10).

To achieve all these, the state exercised control over the process of industrial transformation. It co-ordinated investment projects among other firms, organised export market penetration and has been highly selective about FDI. Although the governments

industrial policy has been singly directed toward establishing an integrated industrial structure with dominant natural control, the state enter prises have consistently played a supportive supplementary role to private accumulation. A good example is that under stagflation, the Korean government adopted an expansionary policy. It stimulated domestic demand to offset foreign financing to sustain the level of import necessary for its targeted industrial projects, while treating inflation as a transitionary disturbance (Ho, 1981).

The focus therefore is the need for Nigeria to be inspired by the South Korean development strategy can be explained in two ways. First, Japan at the early phase of its industrialization, took western artefacts, broke them down, broke down anything assembled into the west, reassembled them, improved and adopted them to their environment, bought licences, stole their secrets, redesigned them and made them their own. Today Japan has mastered and overtaken Western technology (Ezenwe, 1998:32).

Secondly, South Korea which in the 1950s was industrially at par with Nigeria rose from the ashes of the 1950 - 53 Korean war to become the industrial show piece of South Asia. Considering the scale of indigenous efforts at technology and the Automobile efforts as shown in this chapter. It is clear that much can be achieved if the Nigerian state and policy makers are ready to direct and assist in this process. Considering the major steps the South Korean state and its national leadership did in achieving these results (Ezenwe, 1998).

It is clear that Korea is making some major industrial inputs into the Nigerian economy. The sale of DAEWOO and Hyndai cars have necessitated the sale and repairs of these cars in the country. This has further brought in foreign expertise in this area which has inturn meant acquiring of these skills by Nigerian who are trained to work on these cars.

But there has not been any major attempt by the Nigerian state and its agencies to see into the need to adopt Auto technological expertise of South Korea for the benefit of the country or as part of its efforts towards a self sustained Auto industrial development. This has been simply because of the lack of serious efforts towards self innovative attitude of the state and the leadership in national development. Thus, Korea which provide a good example for development in developing country and the likely results that might come if others try to copy or learn from it is simply ignored.

7.9 CONCLUSION

This chapter has clearly has been an assessment of the functional state of Auto componies in Nigeria. It is clear that major Industrial Engineering break throughs in the Auto Industry are possible only when the casting and machining of mechanical parts like Engine blocks, gear boxes, piston and sleeves and transmissions are locally achieved fully. This cannot be until the Ajaokuta steel complex and Oshogbo machine Tool plant are completed.

It must be stated that in fairness countries like Brazil performed better in their Auto Assembly plant programme because of enabling industrial environment. It is on record that Brazil achieved high local content production as a result of the earlier establishment in the country of steel plants and Petro Chemical complexes. We can see that the vital sources of raw materials are still not properly functional in Nigeria. However, this is not an excuse for their very dismay performances since their capacity utilization in the pre-SAP Days was very high (Auto - Nigeria, 1996:11). Despite the negative impact of SAP on the Assembly plants, it can be argued that Government policies and attitude have affected more greatly the performance of the Assembly plants since there has been lack of co-ordination of their activities and serious supervision by the Government.

On the other side, the prospects for Auto - Industrial activities can be seen to be high in the efforts of the private sector. Strickly operating from Individual interest and ventures, there has been an expansion and sophiscation in approach and size outside government financial and infrastructural assistance. The significance of this is that when the state and its leadership become positively inclind towards the Auto - Industry then little will be required since there is already in existence the will, structures, technological know how to do this. Thus the project of the Nigerian car can sail through once Government adopts a policy, directs, insists, funds and properly co-ordinates how it should be done.

Based on all these, it is proper to state that Nigeria has the infrastructure, human resources and even the financial backing to put in place a sound automobile industry. This can be achieved however if there is the political will to do this. Once the will is in place, then contacts can be made to see what we can learn from South Korea so that we can turn the mistakes noted in this chapter into a new initiative of productive industrial successes.

CHAPTER EIGHT

8.1 SUMMARY AND CONCLUSION

Our attempt in this chapter is to present a summary of the work and the major findings, and finally to make major policy recommendations which will enable the country step up its industrial fame. This is in order to make serious contribution in the area of automobile indigenous technological development, hence making auto transportation easily available and affordable to a wider segment of the Nigerian society.

8.2 SUMMARY OF MAJOR FINDINGS

This work generally commenced with the introduction in chapter one. This laid the foundation of what was to be done including the statement of problem, objectives, propositions, methodology, significance, scope, limitation and a general organization of the work. Chapter two then followed with an adoption of the materialistic theory of the state as a theoretical framework. Chapter three was basically a review of relevant literature on the problems of development in developing countries in general and a focus on Nigeria and South Korea in particular. The literature on the development of the Automobile industry in these two country was also critically assessed.

Chapter four made attempts to look at the development efforts in the South Korean state, what has been achieved and the specific and general problems associated with that

kind of industrialization. And chapter five highlighted the specific strategies South Korea adopted in order to achieve the said results in chapter four.

Chapter six is an attempt to display the raw material potentials of Nigeria. And in the specific case of Auto and allied materials, the chapter revealed that we have enough raw materials to produce a car locally. Chapter seven goes on to confirm why and how we are unable to achieve this in the face of abundant raw materials. The chapter reveals that no serious attempts have been made since even the assembly plants have been allowed to collapse.

From our data presented and analyzed, it was found out that first, Nigeria has abundant natural raw materials the resource base for technological development including using research and development as a basis needed for a solid industrial take off. The problem however is the non-utilization or serious development of all these for an industrial take off. The fieldwork revealed that the major backbone of industrialization that is Iron and Steel, machine tool industry, and the petro-chemical industries in Nigeria are operating at less significant levels in the economy. In fact the Ajaokuta Iron and Steel complex has indeed not even taken off. And the petro-chemical industries are not into any serious production while indigenous rubber production has not reached any significant level. Therefore the major raw materials for indigenous auto-production even like Rubber and plastic parts etc, have to be imported. And where indigenous efforts are seriously being made like in the case of the Glass industry, private efforts in Auto parts development etc,

they are hardly encouraged by the state through any deliberate policy. It was observed that industrial Estates in the country suffer from lack of infrastructure such as Roads, Electricity, Water, good tax policy and import regimes, etc.

Another major discovery in the work has been the poor performance of the Auto-Assembly plants. Of the five assembly plants studied two were out of production because of lack of government support. But it is clear that the surviving three PAN, Steyr, and MB - ANAMCO are surviving because of attempts at local content development but most importantly the last two are into diversified and innovative productions in order to stay in the market. What is clear is that the nation has no coordinating practical policy upon which companies operating in the Auto industry are guided. Rather, every company is solidly under the control of the foreign partners which are all presently having foreign managing directors. In this case they turn to operate only in the best way the company can generate profit and not in line with the Auto-industrial aspirations of the country.

Furthermore, it was discovered, that the two government organs which are supposed to co-ordinate and direct activities in the Auto-industry and an auto-National Policy seemed to be working at cross purposes instead of complementing their efforts. The National Automotive Council (NAC) which is supposed to coordinate Auto-programmes since 1993 when it was set up has not had a factual policy on how the Assembly Plants should operate or cooperate among themselves. Rather, it was observed that it proffers to oppose the centre for Automotive Design and Developments (CADD) efforts of

developing a proto type Nigerian car. NAC has failed to give direction or dictate to the Assembly plants a compulsory and time span on local content innovative and development programme to suit gradual attempt at indiginising technology of a foreign car for the development of a Nigerian car.

Again, it was discovered that CADD on the other hand enjoys a political ministerial patronage. Instead of seen as an arm of NAC, the ministry of industry deals with it as a parastatal of its own. Hence, CADD does not see itself as a research arm of NAC. Based on this, its programme of a Nigerian car has not been made to be a NAC research project where NAC and CADD seat down to periodically assess what has been done and what needs to be done further towards achieving practical results for having a model Nigerian car. Since its inception in 1992, neither the ministry or CADD is ready to experiment an industrial production of an accepted Nigerian modelled car. Yet all these while funds are continuously released for this research.

Furthermore, CADD has successfully using a NISSAN Engine produced a proto-type Mark I and Mark II cars. But there is yet a formal position on this where the national policy will adopt a particular model officially with a license to produce enmass or the government making the Assembly Plants to produce with particular specifications of local content added value within specific periods.

The study also revealed that most individual and private efforts in the industry have tended to look at governments apathy as disapproval or disinterest in the industry. Hence

in order to stay in the market, private concerns resort to producing inferior quality parts called "Taiwan". Government's inadequate support also makes it difficult to properly supervise quality control. The result is mostly disastrous for motor owners who patronize these parts. But on the other hand, these private venture also produce for Assembly plants solid parts which are of high quality. For instance, ISO Glass supply PAN with wind screen and side glasses, Nigerian machine tools produces brake Drums and Disc for PAN, NOCELG FIBRE Glass produces Back Tops for MB - ANAMCO and Roof Tops for PAN while CHIEME Motors produces all kinds of parts including Air conditioning Units and fans for PAN.

The work have established beyond reasonable doubt the national leadership using the state championed this rapid industrial transformation in the South Korean state. Though purely authoritarian measures were used, it is clear that the managers of the state gave priority to meritocracy in taking decisions and the implementation process. And in doing this positive productive results became eminent. The development of the economic status of the Korean state made it possible for the emergence of a serious economic and later political class that imbibed Nationalism and patriotism as a working agenda.

On the other hand all these were and have been absent in the Nigerian state. The result then has been the lack of a practical working National policy on Industrial transformation and on the Nigerian Auto-Industry in particular. This has been responsible for the low indigenous Auto-technological success and hence minimal achievement in the

made in Nigerian car phenomenon and project. Nigeria thus has to learn a lot from Korea on Nationalism and its influence on National development.

8.3 CONCLUSION

Based on the analysis done in chapters one to seven, and the summary of the finding as contained in this chapter, we can conclude based on our earlier propositions in the work namely that:

i) There is a strong relationship between the nature and character of the state and the way and manner industrial policies are conceived and implemented.

ii) Other factor like culture, environment, geographical location other than the character of the state sometimes influence the pace of industrialization of a society.

iii) The level and rate of industrial attainment in a state and the Nigeria automobile industry in particular has been determined by how material interest of the dominant political and economic class is.

iv) A patriotic/nationalistic dominant class political leadership in Nigeria can relate and co-operate with other developing countre is that have developed and perfected auto-technology to assist Nigeria develop its auto industry at a faster and cheaper rate.

In an attempt to conclude this study it is only proper to ascertain which of our propositions have been confirmed or not and why this is so. Firstly, we are able to confirm proposition, one that, there is a strong relationship between the nature and character of the state and the way and manner industrial policies are conceived and implemented. This is because using two dependent capitalist states (South Korea and Nigeria) it is clear that while the role of imperialism in the two countries remain the same i.e. exploiting the regions for its growth, sustainability no matter how cooperative and developmental it will look, yet the patriotism in the South Korean political and economic leadership conditioned the character of the state and made it to direct the economic and Industrial development and the lack of this in Nigeria rather brought industrialization.

It is also confirmed that, the high rate of industrial attainment in a state using the South Korean State as an example was possible because of the material interest of the dominant political and economic class. In the Nigerian case, the political and economic class surviving purely on prebendalism failed to champion industrialization. In South Korea this class allies with the state machinery and as partners in progress propels development.

Our Fourth proposition is yet to be confirmed. This is because of the Patriotic/Nationalistic dominant-group in Nigeria is yet to establish a strong political base thereby initiating meaningful cooperation with other developing countries only when this is in place, there will then be the will and efforts to link up with developing countries that

have developed and perfected auto-technology to assist Nigeria develop its auto-technology at a faster and cheaper rate. But the Nigerian state can clearly see and learn from the South Korean efforts and achievements what hardwork and dedication can bring to a determined people.

Regarding our second proposition it is clear that the Neo-Colonial powers have played a lot of influence in the Korean tremendous achievements. It has been illustrated clearly how American capital was pumped in order to have the present results and to enable them evade or avoid the hard measures of the IMF and world. This indeed gave them an over whelming advantage over Nigeria where Britain continued to play a Neo-colonial role of primitive accumulation than direct foreign productive investment.

Again, the peculiar cultural and social vices in the Koreans did build in them and their psychic a hard resolve to achieve positive result through much self sacrifice. Confucianism which guided their life helped to prop up these virtues. Hence, there was less corruption. The civil service and the agencies coordinating industrial enterprises were manned by people recruited on merit. But in the case of Nigeria we have seen proliferation of industrial ventures build on personal interests of politicians. Of course, most could not survive because of corruption and poor management. Therefore, ethnic and geo-political considerations other than merit dominated our choice of location and managers of these firms.

8.4 RECOMMENDATIONS

Based on all these, we therefore, recommend the following as options that if considered and adopted, Nigeria's industrial and in particular Auto Industrial base will improve.

In order to achieve this, it is clear as seen in the study that effective technological acquisition means that the country motivate the citizens to generate competence and high productivity. Our planning attitude must therefore be changed to accommodate a new spirit focusing on achievement. Government must therefore, fund properly research and development units in order to reduce or stop brain drain. There should therefore, be in place a special unit for research to support entrepreneurs in Auto business. This unit will also have training programmes for training Auto Technicians in line with the national Automotive technological policy which will also have in-built international standards and exposure courses. At the same time, existing research institutions, like CADD, Raw Material Resources and Development Council should be made to live to their research responsibilities than operating as Administrative Parastatals of ministries. For it is clear from the Korean, experience that it is more advantageous for a developing country to acquire technology through FDI than other methods like licensing. And training, technical instructions, and acquiring know-how have also proved to be very important. But on the other hand, problems of technology transfer involve things like the passive attitude of foreign investors towards the technology being transferred and lack of domestic man power

capable of assimilating the latest technology. And to achieve this, the state and its leaders must identify what they want, how to do it and who to do it.

The Nigerian Government must be such that the system and leadership will encourage economic and industrial development. It must also encourage foreign direct investment (FDI) in the country. To achieve this, it has to create confidence in the investors. This will be through giving them guarantees and assurances that foreigners will be treated fairly. Provision to reward and compensate them in their contributions to the development of the economy should be properly worked out or spelt out in the agreements. To achieve this, government must relax areas of involvement, make easy repatriation of profits, reduced taxes and exemption from custom duties and specific FDI Imports (CKDS). The policy will of course allow importation of only needed and necessary components of the Auto-industry.

Secondly, government should have a major development and support policy for private and individual concerns in the Auto-Industry. This should be in a way of guaranteed loans, royalties for break through, research funds for certified projects, Development of infrastructure at industrial sights. In return government can now mount supervision of their products in terms of quality and standards. Government must insist that each private sector labels its products under supervision. In doing this, government will also have a deliberate policy where their products are patronized by industries as opposed to same products being imported. There must also be favourable fiscal policies

in the area of custom tariff regimes to make it easier and more profitable for them to operate.

Thirdly, it is obvious that the Assembly plants are not producing because of low demand of cars. This has been because of high cost of imported parts due to the low value of Naira, low level of development of local inputs, low purchasing powers of Nigerians etc. In order to achieve this, the government must set up the necessary engineering infrastructure like specialized press shops, making the Ajaokuta Steel Complex workable to produce flat sheet, making functionable foundries and forges at NMT, making intermediate petro-chemical industries highly functional. When production of the above is in place, the nation will need to import little in its auto-component development programme.

Fourthly, the phenomenon of an indigenous industrial success and the phenomenon of a Nigerian car must be seen by the dominant economic class and political class as an issue of their material interest hence considered as a priority in private and government programme. For productive investment in this area will generate more and resources profit for them and the state which they control. When this stage is set, not just technological innovation will take place but the social problem of transportation and communication will also be solved. Here then the economy will be sound and the class will enjoy political peace which will usher in political support from the citizens and enable them to be in charge as they will be identified as a productive and progressive group.

Thus government programme of such a car must look at issues of longevity, possible servicing, space and fuel economy, the rough roads and environment, affordability. It is therefore recommended that Nigeria should buy the patents of 504 Peugeot which has been phased out by the parent company, adopt and start its production as a Nigerian car.

Fifthly, Nigeria has to formulate and implement a standard programme for south - south co-operation. This is necessary for complementary co-operation among developing countries to promote economic and technological self help spirits. This is because even exports from developing countries like South Korea to advanced countries have become too restricted because of over protection of the later. It is therefore, natural, proper and good under this circumstances for countries like Korea to be encouraged to get more engaged in economic relations with other less developed countries in the South. And based on the fact that Nigeria has a good relationship with South Korea, it should formalize economic and technological co-operation with South Korea. This should be used to buy technology through trade, encourage Koreans direct investment in key sectors and institute long term programmes in R and D cooperation programmes. This will even help fashioning an indigenous automobile mass industrial formula.

Sixthly, there is need for the Nigerian state to move into the issue of investment and development of core-strategic industries. This is because the state has the responsibility to co-ordinate, improve, develop and direct the operations of enterprises in order to develop a solid industrial and technological base for the country. Based on this, the

privatization of major industries like Iron and Steel, petro-chemical factories, Refineries etc, must be stopped. Rather the state should institute a better management of these so as to address the problem of technology and industrial backwardness of the country.

Seventhly, the main issue is that government should immediately design and implement in practical terms a solid industrial policy for the country and the Automotive industry in particular. In doing this, it has to be careful of the kind of changes to market economy that can kill domestic attempts. Thus, the new Industrial Policy should focus on the need to promote a national Auto Industrial programme which will encourage foreign enterprises but will enable a national greater control on the industry and products in particular.

Finally, there is an established fact in the Nigerian case based on the private efforts and initiatives in Auto-and Allied industrial concerns that there is a fraction of the bourgeoisie in Nigeria that is progressive and on its own is ready to direct industrialization. It is therefore, recommended that this group must in the present political dispensation link up with its political counter part and step up an economic propaganda campaign with the sole aim of mobilizing majority workers and the civil society to put pressure or control the democratic structures so as to direct or focus on industrialization. This will be achieved by exposing the fake personalities in the organized private sector who have in the name of implementing industrial policies cheated the country of billions of Naira. This recommendation is premised on the ground that there are still honest and

serious Nigerians who over the years have been restrained from doing this. When such a group emerges, it will surely have the massive support of the neglected majority hence make a reality the issue of indigenous industrial development and a Nigerian car in particular.

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APPENDIX I

SCHEDULES

ENTERPRISES EXCLUSIVELY RESERVED FOR NIGERIANS

1. Advertising and public relations business.
2. All aspects of pool betting business and lotteries.
3. Assembly of radios, radifograms, record changers, television sets, tape recorders and other electric domestic applicances not combined with manufacture of components.
4. Blending and bottling of alcohol drinks.
5. Blocks and ordinary tile manufacture for building and construction work.
6. Bread and cake making.
7. Candle manufacture.
8. Casions and gaming centres
9. Cinemas and other places of entertainment.
10. Commercial transportation (wet and dry cargo fuel)
11. Commission agents.
12. Departmental stores and supermarkets having an annual turnover of less than ₦2,000,000.
13. Distribution agencies excluding motor vehicles, machinery and equipment and spare part.
14. Electrical repair shops associated with distribution of electrical goods.
15. Establishments specialising in the repair of watches, clocks and jewelery, including imitation jewelery for the general public.
16. Estate agency
17. Film distribution (including cinema filsm).
18. Garment manufacture.
19. Hairdressing.
20. Ice-cream making when not associated with the manufacture of other dairy products.
21. Indenting and confirming.
22. Laundry and dry-cleaning.
23. Manufacturers' representatives
24. Manufacture of jewelery and related articles, including imitation jewelery.
25. Manufacture of suitcases, brief cases, hand-bags, purses, wallets, portfolios and shopping bags.
26. Municipal bus services and taxis.
27. Newspaper publishing and printing
28. Office cleaning
29. Passenger bus services of any kind.
30. Poultry farming

31. Printing of stationery (when not associated with printing of books).
32. Protective agencies.
33. Radio and television broadcasting
34. Retial trade (except by or within departmental stores and supermarkets).
35. Rice milling
36. Singlet manufacture.
37. Stevedoring and shore handling.
38. Tyre retreading
39. Travel agencies
40. Wholesale distribution of local manufactures and other locally produced goods.

SCHEDULE 2

ENTERPRISES IN RESPECT OF WHICH NIGERIANS MUST HAVE MAJORITY INTEREST

1. Banking-commercial, merchant and development banking.
2. Basic iron and steel manufacture.
3. Beer brewering
4. Boat building
5. Bottling of soft drinks
6. Business services (other than machinery and equipment rental and leasing) such as business management and consulting and forwarding agencies.
7. Clearing and forwarding agencies
8. Canning and preserving of fruits and vegetables
9. Coastal and inland waterways shipping.
10. Construction industry.
11. Departmental stores and supermarkets having annual turnover of not less than ₦2,000,000.
12. Distribution agencies for machines and technical equipment.
13. Distribution and servicing of motor vehicles, tractors and spare parts thereof or similar objects.
14. Fish and shrimp trawling and processing.
15. Fertilizer production
16. Grain mill products except rice milling.
17. Industrial cleaning.
18. Insecticides, pesticldes and fungicides.
19. Internal air transport (scheduled and charter services).
20. Insuracne - all classes.
21. Lighterage.
22. Manufacture of bicycles
23. Manufcture of biscuits and similar dry bakery
24. Manufacture of cement
25. Manufacture of cosmetics and perfumery
26. Manufacture of cocoa, chocolate and sugar confectionery.
27. Manufacture of dairy products, butter, cheese, milk and other milk products.
28. Manufacture of food products like yeast, starch, baking powder, coffee roasting; processing of tea leaves into black tea.
29. Manufacture of furniture and interior decoration. Manufacture of metal fixtures for household, office and public building.
20. Manufacture of leather footwear.

31. Manufacture of matches.
32. Manufacture of metal containers.
33. Manufacture of paints, varnishes or other similar articles.
34. manufacture of plastics products such as plastic dinner-ware, tableware, kitchenware, plastic mats, plastic machinery parts, bottles, tubes and cabinets.
35. Manufacture of rubber products, rubber footwear, industrial and mechanical rubber specialities such as gloves, mats sponges and foam.
36. Manufacture of tyres and tubes for bicycles and motorcycles; of tyres and tubes for motor vehicles.
37. Manufacture of soap and detergents.
38. Manufacture of wire, nails, washers, bolts, nuts, rivets and other similar articles.
39. Other manufacturing industries such as non-rubber and non-plastic toys, pens, pencils umbrellas, canes, buttons, brooms and brushes, lamp-shades, tobacco pipes andcigarette holders.
40. Mining and quarrying
41. Oil milling, cotton ginning and crushing industries.
42. Paper conversion industries.
43. Planation sugar and processing.
44. Plantation agriculture for tree crops, grains and other cash crops.
45. Printing of books.
46. Production of sawn timber, plywood, veneers and other wood conversion industries.
47. Petro-chemical feedstock industries.
48. Publishing of books, periodcals and such like
49. Pulp and paper mills.
50. Restaurants, cafes and other eating and drinking places.
51. Salt refinery and packaging.
52. Screen printing on cloth, dyeing.
53. Inland and coastal shipping.
54. Slaughtering, storage associated with industrial processing and distribution of meat.
55. Tanneries and leather fishing.
56. Wholesale distribution of imported goods.
57. Photographic studies, including commercial and aerial photography.

SCHEDULE 3

ENTERPRISES TO WHICH SECTION 6 APPLIES

1. Distilling, rectifying and blending of spirits such as ethyl alcohol, whisky, brandy, gin and the like.
2. Tobacco manufacture
3. manufacture of basic industrial chemicals (organic and inorganic) except fertilizers.
4. Manufacture of synthetic resins, plastic materials and man-made fibres except glass.
5. Manufacture of drugs and medicines.
6. Manufacture of pottery, China and earthenware.
7. Manufacture of glass and glass products.
8. Manufacture of burnt bricks and structural clay products.
9. Manufacture of miscellaneous non-metallic mineral products such as concrete, gypsum and plastering products, including ready-mixed concrete; mineral wool, abrassive; asbestos products; graphite products.
10. Manufacture of primary non-ferrous metal products such as ingots, bars and billets; sheets; strips, cirales, cecrous, rods, tubes, pipes and wire rods; casting and extrusions.
11. Manufacture of structural metal products-components of bridge tanks, metal doors and screens, window frames.
12. Manufacture of (fabricated metal) cutlery, hand tools and general hardware.
13. manufacture of miscellaneous fabricated metal products, except machinery and equipment, such as safes and vaults; steel springs furnances; stoves, and the like.
14. Manufacture of engines and tubines.
15. Manufacture of agricultural machinery and equipment.
16. Manufacture of metal and wood working machinery
17. Manufacture of special industrial machinery and equipment, such as textile and food machinery, paper industry machinery, oil refining machinery and equipment, nd the like.
18. Manufacture of office, computing and accounting machinery.
19. Manufacture of other machinery and equipment except electrical equipment, pumps, air and gas compressors; blowers, air-conditioning and ventilating machinery; refrigerators, and the like.
20. Manufacture of electrical industrial machinery and apparatus.
21. Manufacture of radio, television and communication equipment and apparatus.
22. Manufacture of electrical apparatus and supplies not elsewhere classified, such as insulated wires and cables, batteries, electric lamps and tubes, fixtures and lamp switches, sockets, switches; insulators, and the like.
23. Manufacture of electrical appliances and houseware.
24. Ship building and repairing (excluding boat building).
25. Manufacture of railway equipment.

26. Manufacture of motor vehicles and motorcycles.
27. Manufacture of aircraft.
28. Manufacture of professional and scientific and measuring and controlling equipment, such as laboratory and scientific instruments, surgical, medical and dental equipment, instruments and supplies and orthopaedic and prosthetic appliances.
29. Manufacture of photographic and optical goods.
30. Manufacture of watches and clocks.
31. Ocean transport/shpping.
32. Oil serving companies.
33. Storage and warehousing - the operation of storage facilities and warehouses (including bonded and refrigerated warehouses) for hire by the general public.
34. Textile manufacturing industries.
35. Hotels, rooming houses, camps and lodging places.
36. Data processing and tabulating services (on motion picture production).
37. Production of cinema and television films (or motion picture production).
38. Machinery and equipment rental and leasing.
39. All other enterprises not included in schedule 1 or 2 not being public sector enterprises.

APPENDIX II

ASCI INDUSTRIAL PRODUCTION CAPACITY

S/NO.	PLANT	END PRODUCT	END USERS
1.	Billet	Billets	Rolling mills Engineering workshops
2.	Medium section and strictural mill	Parallel-flange channel	Construction Companies involved in production of electricity, motor and ship building Rail companies Engineering workshop
3.	Light section mill	Rounds (Does)	Construction companies furniture companies forge and machine tools shops, bus body
4.	Wire rod Mill	Wire rods	Construction comapnies and companies in nail fence wires, rope mesh, raps bolts and nuts
5.	Steel making shop	Bloms	Medium and structural mills, foundary shop and other iron works
6.	Blast furnance	Pigiron	Foundary shops, forge and machine shops and iron works coke evens construction companies, cement manufactures fertilizer companies
7.	Alumino-milicate Refractory shop	Refractory Bricks and Granular masses	Companies involved in Furnace, construction and repairs
8.	Tar Bonded dolomite shop	Tar Bonded dolomite Bricks	Companies involve in furnance construction
9.	Coke oven and by product plant	Crude berzol Tar ammonium sulphate, coke oven, gas coke	Blast furnance sintering plant chemical and pharmaceutical industries, agric. Industries, coke oven plant
10.	Thermal Power Plant	Electricity	TPP, refeacting furnance NEPA abound ASCL

11.	Chemical water treatment Plant	Domineralised Water	Batter Manufacturers Power plant, textile industries pulp and paper mills hospitals electricity producers, schools and universities
12.	Oxygen Plant	Technical Oxygen pure fgaseous Nitrogen, pure Argon hydrogen gas	Construction companies, ASCL (Steel making shop) manufactures, hospital fabircation industries, divers, laboritories power generating stations.
13.	Carbornic Acid Plant	Carbon dioxide	Founday shops and manufacturers
14.	Founday shop	Ferous and non ferrous castings of machine parts	Automotive industry and maintenance shops
15.	Machine and tools shops	Machine component	"
16.	Gorge and Fabricated shop	Gorge machine parts and fabricated structures	"
17.	Power Equipment Repair shop	Repair of electricity equipment	Electricity Workshop/industries repair outlet for industries NEPA
18.	robberising shop	Repair of conveyor belts manufacturer of seals and adhesives	ASP Industries and automotive industries
19.	Lime Plant	Burnt lime	ASP (steel making) Plant producers and pulp and paper producers suger refinning water purification pharmaceuticals tanneries water treatment plants

Source: ASCL (1996).

APPENDIX III

INTEVIEW QUESTIONS FOR AUTO-MOBILE MANUFACTURING/ASSEMBLING AND MAJOR AUTO-MOBILE ALLIED INDUSTRIES

This interview questions are designed to collect data on the role of the Nigerian State in industrial development using automobile industry as a case study. This research is being conducted for a Ph.D project. Your responses will solely be used for this research and treated with all confidentiality. You are therefore required to answer the questions to the best of your ability.

Thanks very much for your co-operation.

EUGENE TAR ALIEGBA.

1. Rank of Official respondent _____
2. Name of Company _____
3. Location (Town, L.G.A. State) _____
4. Year of Establishment _____
5. Year of commencement of Operation _____
6. Products Manufactured:

   i) _____
   ii) _____
   iii) _____
   iv) _____

7. i) Installed Production capacity _____
   _____

   ii) Initial actual production capacity: _____
   _____

8. Strength of man power: i) Initial _____
   ii) Present _____

9. Reasons for present production capacity:

   i) _____

ii) _____
iii) _____

10. Sources of Raw Materials

a) At Establishment:

i) _____
ii) _____
iii) _____

c) Are the raw materials adequate for production?

i) _____
ii) _____

11. Remineration for Employees (in Naira value)

i) Management Staff _____
ii) Senior Staff _____
ii) Junior Staff _____

12. Sources of Finance:

a) At Inception i) _____
ii) _____

b) Presently i) _____
ii) _____

13. Consumers of Products/Market:

a) At Inception i) _____
ii) _____

b) Presently i) _____
ii) _____

14. Technical partners:

a) At Inception
i) _____
ii) _____
iii) _____

b) Presently
i) _____
ii) _____
iii) _____

15. Efforts at Indiginising production:

i) _____
ii) _____
iii) _____

16. Efforts towards research and development (R and D)

i) _____
ii) _____
iii) _____

17. Any link or exchange of ideas with existing universities, polytechnic and research centres.

i) _____
ii) _____
iii) _____

18. Major problems affecting production process:

a) General
i) _____
ii) _____
iii) _____

b) Specific
i) _____
ii) _____
iii) _____

19. Suggested solutions towards addressing 18 above:

a) General
i) _____
ii) _____

iii) _____

b) Specific i) _____
ii) _____
iii) _____

20. General observations and comments:

i) _____
ii) _____
iii) _____
iv _____
v _____

APPENDIX IV

INTERVIEW QUESTIONS FOR PRIVATE SECTOR/INDUSTRIAL VENTURES ON AUTO-MOBILE AND ALLIED INDUSTRIES

This interview questions are designed to collect data on the role of the Nigerian State in industrial development using automobile industry as a case study. This research is being conducted for a Ph.D project. Your responses will solely be used for this research and treated with all confidentiality. You are therefore required to answer the questions to the best of your ability.

Thanks very much for your co-operation.

EUGENE TAR ALIEGBA.

SECTION A

1. Nme of Idustry: _____
2. Location of Industry: _____
3. Name/s of owners: _____
4. Sex: Male ( ) Female ( ) Age; _____
5. Qualification/s of onwer/s _____

   _____

6. Nationality of owner/s: _____

SECTION B

7. Date of establishment: _____
8. Date of Commencement of Operations _____
9. Nature of establishment:

   a) Registered Individual Ventre ( )
   b) Registered Corporate Private Sector venture ( )

10. Ideas behind established inspiration:

    i) _____
    ii) _____

11. Strength of man Power:

i) _____
ii) _____

12. Nature and size of products:

i) _____
ii) _____
iii) _____
iv _____

13. Sources of Finance:

a) At Inception
i) _____
ii) _____

b) Presently
i) _____
ii) _____

14. Sources of raw materials

a) At Inception
i) _____
ii) _____

b) Presently
i) _____
ii) _____

15. Target consumer/market:

a) At Inception
i) _____
ii) _____

b) Presently
i) _____
ii) _____

16 Relationship with other firms/industries/agencies in the formal sector:

i) _____
ii) _____
iii) _____
iv _____

17. What efforts at research and Development:

18. Annual Remuneration for Employees (in Naira value):

    i) Management: _____
    ii) Senior: _____
    iii) Junior Staff: _____

SECTION C:

19. Initial Production Capacity: _____
    _____

20. Present Production Capacity: _____
    _____

21. Major problems in the production processes as per 17 and 18 above.

    a) General: _____
    _____
    _____

    b) Specific: _____
    _____
    _____

22. Suggested Solutions:

    a) General: _____
    _____
    _____

    b) Specific: _____
    _____
    _____

23. General Comments/observations:

    _____
    _____

APPENDIX V

QUESTIONNAIRES FOR EMPLOYEES IN AUTO-MOBILE MANUFACTURERING/ASSEMBLING AND MAJOR AUTO-MOBILE ALLIED INDUSTRIES

This questionnaire is designed to collect data on the role of the Nigerian State in Industrial development using automobile industry as a case study. This research is being conducted for a Ph.D Project. Your responses will solely be used for this research and treated with all confidentially. You are therefore required to answer the questions to the best of your ability.

Thanks very much for your co-operation.

EUGENE TAR ALIEGBA

SECTION A

1. Name of Industry: _____
2. Nature of Ownership:

   a) Government ( )
   b) Private Sector ( )
   c) Private Sector/Government ( )

3. Rank of respondent : a) Management staff ( )
   b) Senior Staff ( )
   b) Junior Staff ( )

4. Qualification/Profession of Respondent ( )

   _____
   _____
   _____

5. Sex of respondent: _____

6. Nationality of respondent (LGA, State) _____

SECTION B

7. When did you join the company and as what:

_____

8. Is your industry an important aspect of Nigeria's industrialization? Yes ( )No ( )

9. If Yes or No why/how?

i) _____
ii) _____
iii) _____

10. How has your industry developed in terms of production since inception or when you jointed it?

a) Progressive ( )
b) Retorgressive ( )
c) Stagnant ( )
a) Any others (specify) _____

11. Are you satisfied with your remuneration?

Yes ( ) No ( )

12. If Yes or No, How does it affect your attitude towards work.

i) _____
ii) _____

SECTION C

13. Is your industry presently producing?

Yes ( ) No ( )

14. If Yes at what level?

a) High ( )

b) Average ( )
c) Low ( )
d) Others Specify: _____

15. In order of importance (starting from 1, 2, etc explain below) which of the following is responsible for 15 & 16 above.

a) Raw materials ( )

i) _____
ii) _____

b) Funding ( )

i) _____
ii) _____

c) Management ( )

i) _____
ii) _____

d) Conditions of service/welfare of workers ( )

i) _____
ii) _____

e) Any others ( ) (Specify)

i) _____
ii) _____
iii) _____

SECTION D

16. Suggest ways your industry can attain high/very high productivity:

i) _____
ii) _____
iii) _____

iv) _____

17. General Comments/observations on the industry and future prospects:

i) _____
ii) _____
iii) _____
iv) _____

APPENDIX VI

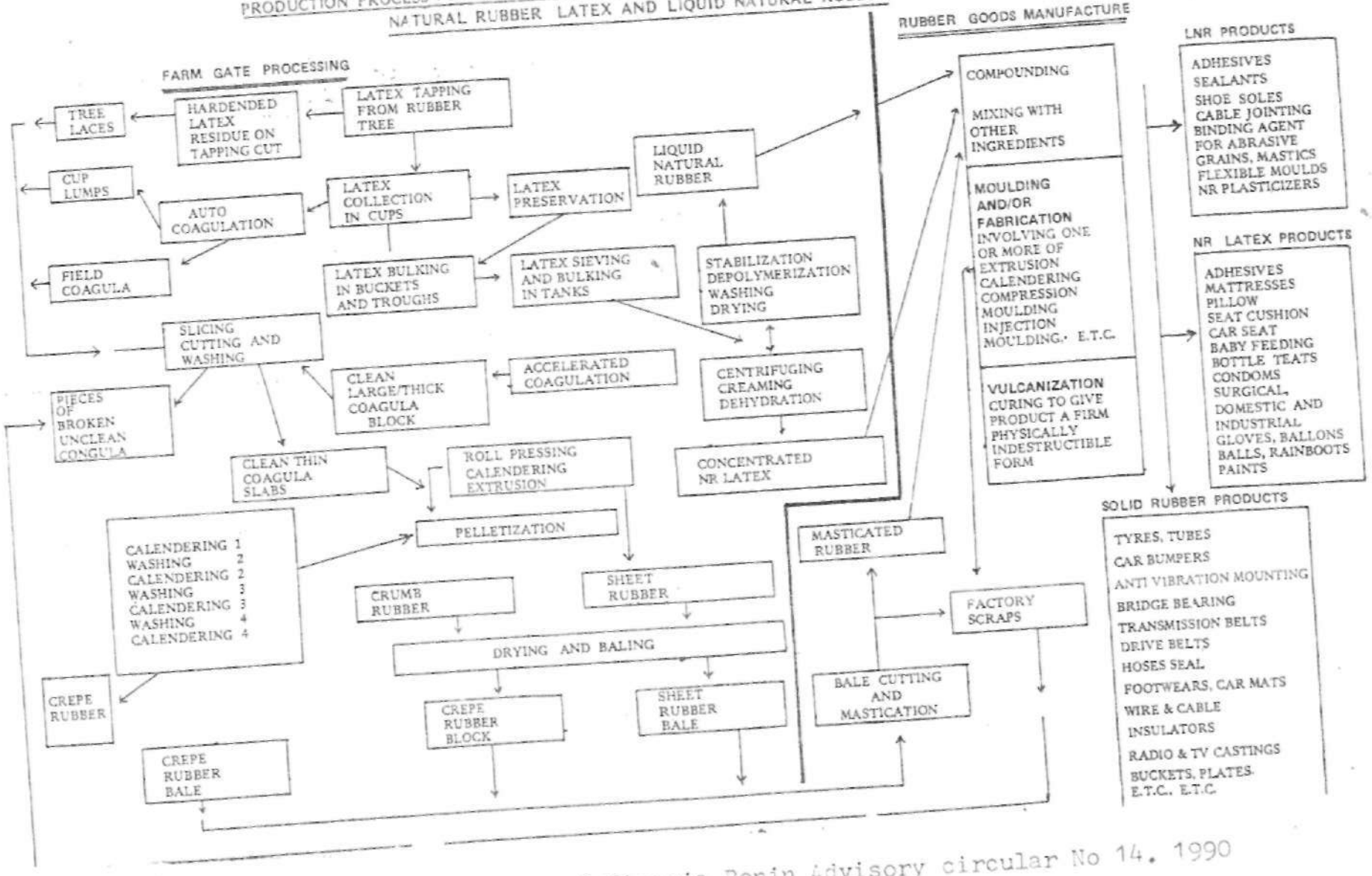
STEYR PRODUCTION ANALYSIS SINCE INCEPTION

PRODUCTION YEARS

PRODUCTS	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
TRUCKS	1471	1956	1149	388	504	285	444	51	36	26	-	-	30	22	1	-	7	23	14
TOTAL CUML.	1471	3436	4585	8973	5477	5762	6206	6257	6293	6319	6319	6319	6349	6371	6372	6372	6379	6402	6416
TRACTROS	499	1469	1132	15	339	602	311	160	-	804	198	96	154	-	-	14	-	-	-
TOTAL CUML.	499	1968	3100	3150	3454	4056	4367	4527	4527	5331	5529	5625	5779	5779	5779	5793	5793	5793	5793
IMPLIMENTS	-	-	-	500	60	1549	906	440	-	-	-	-	105	-	-	-	-	-	4
TOTAL CUM.	-	-	-	500	560	2109	3015	3455	3455	3455	3455	3455	3560	3560	3560	3560	3560	3560	3564
GENERATOR SET	-	-	-	-	110	200	55	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CUML.	-	-	-	-	140	310	365	365	365	365	365	365	365	365	365	365	365	365	365
JEEP	-	-	-	-	-	-	-	-	-	-	-	392	21	-	-	-	-	1	7
TOTAL CUML.	-	-	-	-	-	-	-	-	-	-	-	392	413	413	413	413	4113	414	421
BUSES	-	-	-	-	-	-	-	-	-	-	2	-	2	2	3	4	7	16	14
TOTAL CUML.	-	-	-	-	-	-	-	-	-	-	2	2	4	6	9	13	20	36	50
MOTOR CYCLE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	199	269	275	248
TOTAL CUML.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	199	468	743	991
GRP BUMPER F/R	-	-	-	-	-	-	-	-	-	-	-	-	320	175	700	253	166	209	406
" SIDE LINING	-	-	-	-	-	-	-	-	-	-	-	-	135	118	1685	557	12	46	554
" BONNET	-	-	-	-	-	-	-	-	-	-	-	18	-	-	-	8	10	20	13
" HARD TOP	-	-	-	-	-	-	-	-	-	-	-	156	2	-	-	-	-	-	-
" CHAIR/TABLE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17	43	-	4
" BOOTH DEFL.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	121	260	141
" TOTAL CUML.	-	-	-	-	-	-	-	-	-	-	-	174	631	924	3309	4144	4496	5031	6149
REFURB. TRUCKS	-	-	-	-	-	-	-	-	-	-	15	-	18	4	8	9	10	6	10
" TRACTORS	-	-	-	-	-	-	-	-	-	-	-	10	35	18	15	5	15	92	6
" JEEP/OTHERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7	-	-	-
" AGRIC IMPL.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21	3	-	-
" TOTAL CUML.	-	-	-	-	-	-	-	-	-	-	15	25	78	100	123	165	193	291	307

Source, STEYR (1999) PROJECT CO-ORDINATION Stery Bauchi 4th January.

PRODUCTION PROCESS FLOWCHART AND UTILIZATION PROFILE OF SOLID NATURAL RUBBER
NATURAL RUBBER LATEX AND LIQUID NATURAL RUBBER



Source: Rubber Research Institute of Nigeria Benin Advisory circular No 14. 1990

APPENDIX VIII A

NATIONAL AUTOMOTIVE COUNCIL
PROPOSED AUTOMOTIVE COMPONENTS IMPORT DELETION PROGRAMME

PHASE I (1995-1997)	PHASE II (1996-2005) COMPONENTS		PHASE I (2005-2010) ENGINES
	MECHANICAL COMPONENTS	MECHANICAL COMPONENTS	
Radio and Cassettee Player	Clutch Systems	Generator	Cylinder block
Bumpers	Brake system	Induction coil	Cyclinder head
Exhaust System	Water Pump	Starter motor	Crankshaft
Body seal & adhesive	Carburettor	Distributor	Connection rod
Sound deadening materials	Feul Pump	Horn	Piston, Piston pins and piston rings
Windsheild & Window Glass	Door lacks & Window winding mechanisms	Spark Plump	Valves
Oil, Fuel & Air Filters	Wipper arms and bladers	Breaker point	Cylinder liner
Rubber seal	Springs	Wire harness	Bearings
Plastic parts	Shock-absorbers	Head & other lamps	Oil pump
Seat coverings	Airconditioning equipment	Relay system	Timing gears (Chains)
Inside Linings	Wheel rin, hubs	Dashboard instrument	Transmission Propeller-shaft
Seating cushions	Steering mechanism	Alternators	Gear Box: - Gear box casing - Gear Wheetls - Bearings
Pipes and tubes	Flywheel	Flasher units	Front Axle
Trims & Protectors	Jacks		Rear Axle
Brake pads	Simple body & chassis components		
Various pipe connectors	Cross members (trucks)		
Petrol tanks	Brake dum hubs		
Lubricants	Washers, nut and bolts		
	Small pressed parts		

APPENDIX VIII B

AUTOMOTIVE COMPONENTS IMPORT DELETION PROGRAMME UNDER CONSIDERATION

S/No.	Component	Area of Utilization	Materials Specification
	Cast and Machined Components		
1.	Cranshaft Pulley	Engine	Grey Cast iron Steel
2.	Water pump Pulley	"	Grey cast Iron steel
3.	Rocker arm bracket	"	Ductile cast Iron
4.	Admission value seats	"	Ductile cast Iron
5.	Exhaust valve seat	"	Ductile cast Iron
6.	Push rod	"	Ductile cast Iron
7.	Valve Guide	"	Ductile cast Iron
8.	Bus handrail suppor	Body	Aluminium alloy
9.	Bus door had parts	"	Aluminium alloy
10.	Door hinges	"	Malleable Iron or Steel
11.	Door mirror bracket	"	Aluminium alloy
12.	Oil Pan	Engine	Cast Iron
13.	Cylinder sleeves	"	Cast Iron
14.	Cranshaft timing sprocket	"	Cast Iron
15.	Engine Support	"	Aluminium alloy
16.	Seat slide (Adjuster)	Seat	Aluminium alloy
17.	Exhaust manifold	"	Heart ductile Iron
18.	Intake manifold	Brake mechanism	Heart ductile Iron
19.	Disck brake calliper	steering (for truck)	Perlitic Malleable Iron
20	Steering support bracket	"	Cast Steel
21.	Steering arm	"	Cast Steel
22.	Bearing (Steering shaft to joint)	"	Cast Steel
23.	Body support	"	Cast Steel
24.	Shackle (spring)	"	Cast Steel
25.	Spring bearing bracket	"	Cast Steel
26.	Lever for tension bar	"	Cast Steel
27.	Front Spring bracket	"	Cast Steel
28.	Front Spring bracket	Body for Trucks	Cast Steel
29.	Helper Spring bracket	"	Cast Steel
30.	Pedal bracket	"	Cast Iron
	Plastic/Rubber Components		

APPENDIX VIII C

S/No.	Component	Area of Utilization	Materials Specification
1.	Fan belt	Engine	Natural rubber, polypropyline, earbon black and canvas being made by John White Industries Nnewi
2.	Rear light assy, trafficator lenses	Body	Polymers of PVC, polypropyline, etc, made by Union auto Nig. Chinese Motors
3.	Cables Clutch, throttle speed	Engine, Throttle, speed	Steel cables, polymers of PVC, polypropylene, etc made by Uru Industries Ltd, Nnewi.
4.	Steering Houses	Transmission	Natural rubber, polymers of PVC, polypropyrline, etc earborn black made by Godwin Kris Ind. Ltd, Nnewei
5.	Steering	"	"
6.	Engine Seating	Engine	"
7.	Gaskets	"	Asbestos sheets, steel eyelet rings, screen paints
8.	Distributor Caps	"	Polymers of PVC, polypropylene etc, carbon black
9.	Distributor arms	"	"
10.	Plug Insulation cap	"	"
1.	Fuel tanks	Body	Steel sheets, Pressed at Udofe metal, NMC, P. II, Ajaokuta Steel Plant, PAN
2.	Small stamped parts	"	"
3.	Battery seat	"	"
4.	Washers	"	"
	PROPOSED 1998 MOTOR CYCLE COMPONENTS IMPORT DELETION PROGRAMME		
1.	Fuel Tank	Flat Steel	Pressed at Udofe metals, Nigeria Engineering Works and Ajaokuta Steel, Investment in mould/dies and accessory equipent required
2.	Chain case	"	"
3.	Front and rear fender	"	"
4.	Licence plate bracket	"	"
	Cast/Dies Cast Components		
1.	Rear Wheel hub	Aluminium Alloy	Extra investment required as discussed for cast auto parts in page 2
2.	Rear wheel hub	"	"
3.	Brake drum	Grey cast iron or steel	"
4.	Brake disc	Grey cast iron or steel	"
5.	Rear brake panel	Aluminium Alloy	"
6.	Clutch	Grey cast iron or steel	"

APPENDIX VIII D

PROPOSED 1998 AUTOMOTIVE COMPONENTS/PARTS DELETION PROGRAMME

S/No.	Components/Parts
1.	Tyre and Tubes
2.	Battery
3.	Seat Frame
4.	Seat Foam
5.	Spare wheet cradle
6.	Paints (except metallic paint)
7.	Wheel covers
8.	Car mat/carpet
9.	Cooling fan/blade
10.	Body seal and adhesive (except masking tape)
11.	Sound Proofing
12.	Windscreen and window glass
13.	Windscreen washer reservoir
14.	Balancing weights
15.	Radiators
16.	Radiators grills
17.	Door window winders
18.	Wire Harnesses (except for Peugeot 306)
19.	Inside Linings
20.	Seat Cover
21.	Lubricants
22.	*Oil, *Air fuel filters (*subject to scheduled test result)
23.	Clutch systems
25.	Exhaust systems
26.	Auto airconditioner items: i) Condensers ii) Evaporators iii) Fan blade
27.	Flywheels
28.	Brake drum
29.	Brake disc



CADD MARK I PROTOTYPE



CADD MARK II PROTOTYPE

APPENDIX IX B

MECHANICAL SPECIFICATIONS AND COMPOSITION OF CADD MARK I PROTO TYPE CAR

•CADD MARK I

☞ **SPECIFICATIONS**

☞ **DIMENSIONS:**

Overall Length....3100mm
Overall Width.....1320mm
Body Width.....1195mm
Overall Height....1805mm
Wheel Base.....1710mm
Front/Rear Track..1170mm
Tyre Size..... 155 SR
Rims..... R12 ¶

☞ **WEIGHTS:**

Gross Vehicle Weight (GVW)... 1000kg
Pay Load Capacity..... 700kg
Specific Weight..... 230kg
Luggage Compartment ....Flexible
Seating ..... 4 persons ¶

☞ **ENGINE:**

Type ....2 stroke, 2 cylinder in-line
Displacement.....544cc
Max Output.....20kW, 28 bhp(DIN) at 6000rpm
Max Torque .....39Nm (3.8mkg) at 3500rpm
Fuel Tank Capacity..30 litres.
Fuel Type .....Petrol
Compression Ratio...8.3:1
Fuel Consumption ....100km/litres 9.5 ¶

☞ **FUNCTIONING EQUIPMENT:**

- Broad beam halogen head lamps
- Horn
- Parking Lamps
- Side Mirrors
- 2 Speed Windscreen wiper
- Seat belts
- Tarpaulin
- Traffic Indicator Lamps
- Rear View Mirror ¶

☞ **SUSPENSIONS:**

Front/Rear - Leaf Springs and additional shock absorbers (Hydraulic; double acting telescopic)¶

☞ **BRAKES:**

Front/Rear - Diagonal Dual Circuit system. Drum/Drum
Parking Brake - Mechanical, expanding on rear wheels ¶

☞ **CLUTCH:**

Dry single-disc with diaphragm-spring-type plate ¶

☞ **TRANSMISSION:**

Manual Gearbox, 4-speed constant mesh with reverse. Rear wheel drive ¶

☞ **CHASSIS:**

Fabricated from 50mm x 50mm steel channels of 1.4mm thickness ¶

☞ AUTOMOTIVE LOCAL CONTENT PARTS FOR CADD MARK I

S/NO	PART DESCRIPTION	MANUFACTURER
1.	FUEL TANK	Designed and Manufactured by CADD.
2.	PEDALS	Designed and Manufactured by CADD.
3.	CHASSIS	Designed and Manufactured by CADD.
4.	LEAF SPRINGS & BUSHINGS	Designed by CADD. Manufactured by ZODIAC LTD, Lagos.
5.	FRONT AXLE BEAM	Designed by CADD. Manufactured by Kaduna Machine Works.
6.	TYRES	Manufactured by DUNLOP, Lagos.
7.	KING PINS	Designed and Manufactured by CADD.
8.	EXHAUST SYSTEM	Designed and Manufactured by CADD.
9.	OIL FILTER	Manufactured by Omatha Holdings, Nnewi.
10.	FAN BLADE	Manufactured by Chieme Motors, Aba.
11.	BODY & BODY STRUCTURE	Designed and Manufactured by CADD.
12.	TARPAULIN HOODS	Designed and Manufactured by CADD.
13.	WINDSCREEN	Designed by CADD. Manufactured by TSG, Ibadan.
14.	WINDSCREEN FRAME	Designed and Manufactured by CADD.
15.	TARPAULIN & TRANSPARENCY	Manufactured by Tarpaulin Industries, Apapa, Lagos. Designed and Sewn by CADD
16.	SEATS AND TRIMMINGS	Designed and Manufactured by CADD.
17.	BUMPERS	Designed and Manufactured by CADD.
18.	BATTERY	Manufactured by EXIDE, Ibadan.
19.	FAN BELT	Manufactured by John White, Nnewi.
20.	FLOOR CARPET	Designed and sewn by CADD.
21.	FRONT GUARD	Designed and Manufactured by CADD.
22.	FUEL FILTER	Manufactured by Automotive Components Ltd., Otta Ogun State.
23.	ELECTRICAL CABLES AND WIRES	Manufactured by NOCACO LTD, Kaduna ¶

SOURCE : CADD ZARIA

● CADD MARK II

☞ SPECIFICATIONS

☞ DIMENSIONS:

Overall Length....3060mm
Overall Width.....1320mm
Body Width.....1320mm
Overall Height....1740mm
Wheel Base.....1726mm
Front/Rear Track..1125mm
Tyre Size.....155 SR
Rims.....R12 ¶

☞ WEIGHTS:

Gross Vehicle Weight (GVW)... 1200kg
Pay Load Capacity.....800kg
Specific Weight..... 300kg
Luggage Compartment ....Flexible
Seating ..... 4 persons ¶

☞ ENGINE:

Type .....4 stroke, 4 cylinder in-line
Displacement.....1171cc
Max Output.. 38.2kW, 52bhp(DIN) at 5600 rpm
Max Torque ....79.4Nm (8.1mkg) at 4000rpm
Fuel Tank Capacity..30 litres.
Fuel Type .....Petrol
Compression ratio...9:1
Fuel Consumption(l/100km) ...11.76¶

☞ FUNCTIONING EQUIPMENT:

- Broad beam halogen head lamps
- Horn
- Parking Lamps
- Side Mirrors
- 2 Speed Windscreen wiper
- Seat belts
- Tarpaulin
- Traffic Indicator Lamps
- Rear View Mirror ¶

☞ SUSPENSIONS:

Front/Rear - Leaf Springs and additional shock absorbers (Hydraulic; double acting telescopic) ¶

☞ BRAKES:

Front/Rear - Diagonal Dual Circuit system. Drum/Drum
Parking Brake - Mechanical, expanding on rear wheels ¶

☞ CLUTCH:

Dry single-disc with diaphragm-spring-type plate ¶

☞ TRANSMISSION:

Manual Gearbox, 4-speed constant mesh with reverse. Rear wheel drive ¶

☞ CHASSIS:

Fabricated from 80mm x 50mm steel channels of 3mm thickness ¶

☞ AUTOMOTIVE LOCAL CONTENT PARTS FOR CADD MARK II

S/NO	PART DESCRIPTION	MANUFACTURER
1.	FUEL TANK	Designed by CADD. Manufactured by ARMECO, Kaduna.
2.	PEDALS	Designed and Manufactured by CADD.
3.	*CHASSIS*	*Designed by CADD. Manufactured by ARMECO, Kaduna.*
4.	LEAF SPRINGS & BUSHINGS	Designed by CADD. Manufactured by ZODIAC LTD, Lagos.
5.	LOWER AND UPPER U-BOLT	Designed by CADD. Manufactured by PAN,
	CLAMP PLATES	Ltd., Kaduna.
6.	FRONT AXLE BEAM	Designed by CADD. Manufactured by CANPLAS, Lagos.
7.	TYRES	Manufactured by DUNLOP, Lagos.
8.	KING PINS	Designed and Manufactured by CADD.
9.	EXHAUST SYSTEM	
	(a) Front Muffler	Designed and Manufactured by CADD.
	(b) Rear Muffler & Seamed tube	Manufactured by Silencer and Exhaust pipe, Kano.
10.	RADIATOR	Manufactured by Nigeria Engineering Works, P/Harcourt.
11.	OIL FILTER	Manufactured by Omatha Holdings, Nnewi.
12.	FAN BLADE	Manufactured by Chieme Motors, Aba.
13.	*BRAKE DRUMS*	*Designed by CADD. Manufactured by Olympic Tech., Abagana.*
14.	BODY & BODY STRUCTURE	Designed by CADD. Manufactured by Steyr, Bauchi.
15.	TARPAULIN HOODS	Designed by CADD. Manufactured by Steyr, Bauchi.
16.	WINDSCREEN	Designed by CADD. Manufactured by ISO GLASS, Ibadan.
17.	WINDSCREEN FRAME	Designed and Manufactured by CADD.
18.	TARPAULIN & TRANSPARENCY	Manufactured by Zaria Industries. Designed and sewn by CADD
19.	SEATS AND TRIMMINGS	Designed by CADD. Manufactured by Steyr, Bauchi.
20.	BUMPERS	Designed by CADD. Manufactured by Steyr, Bauchi.
21.	BATTERY	Manufactured by EXIDE, Ibadan.
22.	FAN BELT	Manufactured by John White, Nnewi.
23.	SPLASH GUARD	Designed and Manufactured by CADD.
24.	FLOOR CARPET	Designed by CADD. Sewn by Steyr, Bauchi.
25.	FRONT GUARD	Designed by CADD. Manufactured by Steyr, Bauchi.
26.	FUEL FILTER	Manufactured by Automotive Components Ltd., Otta Ogun State.
27.	REAR AXLE CASING	Designed and Manufactured by CADD. Surface finishing by EMCON, Zaria.
28.	ELECTRICAL CABLES AND WIRES	Manufactured by NOCACO Ltd, Kaduna

SOURCE CADD ZARIA

BODY VIEW OF CADD MARK II HARD TOP PROTO TYPE CAR & CADD PROTO TYPE TRICYCLE



CADD MARK II HARDTOP PROTOTYPE



CADD TRICYCLE PROTOTYPE

• CADD MARK II HARDTOP

☞SPECIFICATIONS

☞ DIMENSIONS:

Overall Length....3060mm
Overall Width.....1400mm
Body Width.....1400mm
Overall Height....1740mm
Wheel Base.....1726mm
Front/Rear Track..1125mm
Tyre Size.....155 SR
Rims.....R12 ¶

☞ ENGINE:

Type .....4 stroke, 4 cylinder in-line
Displacement.....1171cc
Max Output.. 38.2kW, 52bhp(DIN) at 5600 rpm
Max Torque ....79.4Nm (8.1mkg) at 4000rpm
Fuel Tank Capacity..30 litres.
Fuel Type .....Petrol
Compression ratio...9:1
Fuel Consumption ....100km/litres 8.5 ¶

☞ SUSPENSIONS:

Front/Rear - Leaf Springs and additional shock absorbers (Hydraulic: double acting telescopic) ¶

☞ BRAKES:

Front/Rear - Diagonal Dual Circuit system. Drum/Drum
Parking Brake - Mechanical, expanding on rear wheels ¶

☞ CLUTCH:

Dry single-disc with diaphragm-spring-type plate ¶

☞ TRANSMISSION:

Manual Gearbox, 4-speed constant mesh with reverse. Rear wheel drive ¶

☞ CHASSIS:

Fabricated from 80mm x 50mm steel channels of 3mm thickness ¶

☞ WEIGHTS:

Gross Vehicle Weight (GVW)... 1600kg
Pay Load Capacity.....1200kg
Specific Weight..... 400kg
Luggage Compartment ....Flexible
Seating ..... 6 persons ¶

☞ FUNCTIONING EQUIPMENT:

- Broad beam halogen head lamps
- Horn
- Parking Lamps
- Side Mirrors
- 2 Speed Windscreen wiper
- Seat belts
- Door Locks
- Traffic Indicator Lamps
- Rear View Mirror ¶

☞AUTOMOTIVE LOCAL CONTENT PARTS FOR CADD MARK II HARDTOP

S/NO	PART DESCRIPTION	MANUFACTURER
1.	FUEL TANK	Designed and Manufactured by CADD.
2.	PEDALS	Designed and Manufactured by CADD.
3.	CHASSIS	Designed by CADD. Manufactured by PAN, Kaduna.
4.	LEAF SPRINGS & BUSHINGS	Designed by CADD. Manufactured by ZODIAC LTD, Lagos.
5.	LOWER AND UPPER U-BOLT CLAMP PLATES	Designed by CADD. Manufactured by PAN, Ltd., Kaduna.
6.	FRONT AXLE BEAM	Designed by CADD. Manufactured by CANPLAS, Lagos.
7.	TYRES	Manufactured by DUNLOP, Lagos.
8.	KING PINS	Designed and Manufactured by CADD.
9.	EXHAUST SYSTEM	
	(a) Front Muffler	Designed and Manufactured by CADD.
	(b) Rear Muffler & Seamed tube	Manufactured by Silencer and Exhaust pipe, Kano.
10.	RADIATOR	Manufactured by Quality Radiators, P/Harcourt.
11.	OIL FILTER	Manufactured by Omatha Holdings, Nnewi.
12.	FAN BLADE	Manufactured by Chieme Motors, Aba.
13.	BRAKE DRUMS	Designed by CADD. Manufactured by NMT, Osogbo.
14.	BODY & BODY REINFORCEMENTS	Designed by CADD. Manufactured by Steyr, Bauchi.
15.	DOOR LOCKS	Designed and Manufactured by CADD.
16.	WINDSCREEN	Designed by CADD. Manufactured by ISO GLASS, Ibadan.
17.	SIDESCREENS AND RAILS	Designed by CADD. Manufactured by ALUMACO, Lagos.
18.	REARSCREEN AND FRAME	Designed by CADD. Manufactured by ALUMACO, Lagos.
19.	SEATS AND TRIMMINGS	Designed and Manufactured by CADD.
20.	BUMPERS	Designed by CADD. Manufactured by Steyr, Bauchi.
21.	BATTERY	Manufactured by EXIDE, Ibadan.
22.	FAN BELT	Manufactured by John White, Nnewi.
23.	SPLASH GUARD	Designed and Manufactured by CADD.
24.	FLOOR CARPET	Designed and Sewn by CADD.
25.	FRONT GUARD	Designed and Manufactured by CADD.
26.	FUEL FILTER	Manufactured by Automotive Components Ltd., Otta Ogun State.
27.	REAR AXLE CASING	Designed and Manufactured by CADD. Surface finishing by EMCON, Zaria.
28.	ELECTRICAL CABLES AND WIRES	Manufactured by NOCACO Ltd, Kaduna
29.	CLUTCH CABLE	Manufactured by URU Industries (Nig) Ltd, Nigeria

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CADD TRICYCLE

☞SPECIFICATIONS

☞ DIMENSIONS:

Overall Length....2400mm
Overall Width.....1320mm
Body Width.....1320mm
Overall Height....1680mm
Wheel Base.....1740mm
Front/Rear Track..1160mm
Tyre Size.....4.00 x 8.4 ply
Rims.....R8 ¶

☞ ENGINE:

Type .....2 stroke, 1 cylinder forced air-cooled
Displacement.....145.45cc
Max Output.. 5.7kW at 5200 rpm
Fuel Tank Capacity..15 litres.
Fuel Type .....Petrol
Fuel Consumption ....24 ± 4 litres ¶

☞ WEIGHTS:

Gross Vehicle Weight (GVW)... 650kg
Pay Load Capacity.....400kg
Specific Weight..... 150kg
Luggage Compartment ....Flexible
Seating ..... 4 persons ¶

☞ FUNCTIONING EQUIPMENT:

- Broad beam halogen head lamps
- Horn
- Parking Lamps
- Side Mirrors
- 2 Speed Windscreen wiper
- 12 volts Battery 12v, 25AH
- Tarpaulin
- Traffic Indicator Lamps
- Rear View Mirror ¶

☞ SUSPENSIONS:

Front - Constant rate coil spring and double acting hydraulic shock absorbers ¶
Rear - Independent coil spring and hydraulic absorbers ¶

☞ BRAKES:

Front - Mechanical Expanding Shoe type, 125mm dia x 17mm wide ¶
Rear - Hydraulic expanding shoe type 170mm dia x 29.5mm wide ¶

☞ CLUTCH:

Dry single-disc with diaphragm-spring-type plate ¶

☞ TRANSMISSION:

Manual Gearbox, 4-speed forward and one reverse gearbox. Rear wheel drive ¶

☞ CHASSIS:

Fabricated from 50mm x 50mm steel channels of 3mm thickness ¶

☞AUTOMOTIVE LOCAL CONTENT PARTS FOR CADD TRICYCLE

S/NO	PART DESCRIPTION	MANUFACTURER
1.	FUEL TANK	Designed and Manufactured by CADD.
2.	PEDALS	Designed and Manufactured by CADD.
3.	CHASSIS	Designed and Manufactured by CADD.
4.	SUSPENSION & BUSHINGS	Designed by CADD. Manufactured by ZODIAC LTD, Lagos.
5.	SWINGING ARMS	Designed and Manufactured by CADD.
6.	STEERING COVER	Designed and Manufactured by CADD.
7.	TYRES	Manufactured by DUNLOP, Lagos.
8.	STEERING COLUMN	Designed and Manufactured by CADD.
9.	EXHAUST SYSTEM	Designed and Manufactured by CADD.
10.	BRAKE DRUMS	Designed by CADD. Manufactured by Raymoned Foundry, Warri.
11.	BODY & BODY STRUCTURE	Designed and Manufactured by CADD.
12.	TARPAULIN HOODS	Designed and Manufactured by CADD.
13.	WINDSCREEN	Designed by CADD. Manufactured by ISO GLASS, Ibadan.
14.	WINDSCREEN FRAME	Designed and Manufactured by CADD.
15.	TARPAULIN & TRANSPARENCY	Manufactured by Zaria Industries. Designed and sewn by CADD
16.	SEATS AND TRIMMINGS	Designed and Sewn by CADD.
17.	BUMPERS	Designed and Manufactured by CADD.
18.	BATTERY	Manufactured by EXIDE, Ibadan.
19.	FLOOR CARPET	Designed and Sewn by CADD.
20.	ELECTRICAL CABLES AND WIRES	Manufactured by GEOELIS Cables Ltd, Onitsha

SOURCE: CADD ZARIA