THE QUEST FOR AUTONOMY, NIGERIA AND FOREIGN MONOPOLY CAPITAL, 1966-1978

BY

Aaron Tsado Gana

Submitted in partial fulfillment of the
requirements for the degree
of Doctor of Philosophy
in the Graduate School of Arts and Sciences

COLUMBIA UNIVERSITY

1980

© 1980
AARON TSADO GANA
ALL RIGHTS RESERVED

ABSTRACT

THE QUEST FOR AUTONOMY: NIGERIA AND FOREIGN MONOPOLY CAPITAL: 1966-1978

Aaron Tsado Gana

At the time of Nigeria's independence in 1960, the Nigerian economy was preponderantly in foreign (mainly British) hands. The colonial administration's policy of encouraging British private capital coupled with the re-affirmation of 1956, by the federal and regional governments that independent Nigeria would continue the open economy policy of the colonial era, made the country the investment target of European multionals, so much so that by the end of the first decade of independence Nigeria's dependence on international capital and technology was almost total.

This overwhelming presence of foreign capital did not escape the attention of the colonial as well as the post-colonial governments, as reflected in the various steps taken to use state power to mediate the conflict between indigenous and transnational capital. The high point of this mediation was the Nigerian Enterprises Promotion Decree of 1972. This legislation, together with the 1977 Decree is the subject of this study. Seeking a balance between nationalism and internationalism, the decrees aimed at preserving certain sectors of the economy for the grow-

ing business class while sharing the more sophisticated sectors between national and international capital. The decrees stipulated that businesses in Schedule I, believed to be within the competence of indigenous expertise, were, henceforth, the exclusive preserve of Nigerians. Businesses in Schedule II-requiring considerable capital and technical or entrepreneurial competence -were to have a percentage of their equity sold to Nigerian individuals or institutions. The 1972 decree stipulated 40 per cent but this was raised to 60 per cent in the 1977 decree.

The study reveals that *the* 1972 decree, in spite of its claim to scientificity (its authors having claimed that it was the first real scientific approach to indigenization) was careless in design and sloppy in implementation. For instance, the policy-makers failed to evaluate critically the size and capacity of the indigenous entrepreneurial class to absorb the sudden flush of shares. The result was the "unintended" outcome of "severe concentration of ownership," as noted by the investigative panel set up to enquire into the implementation of the decrees. In addition, the lack of adequately staffed machinery to supervise the transfer of shares lured many foreign investors into various acts of subversion which, as the investigative panel observed, could not have succeeded to the extent that they did without the collaboration of Nigerians.

It was to redress the inadequacies of the 1972 decree that the 1977 decree was promulgated. The tightening up of the loose ends in the 1972 legislation did ensure not only

that the transfers were genuine and effective in terms of ownership and control, but also that the spread of shares was more inclusive. The main conclusion of the study is that underdeveloped countries can, given the right leadership and strategy, effectively tame multinational corporations and direct their activities to accord with national economic objectives. Thus contrary to the popular image of omnipotent conglomerates dictating the direction of economic and political activities of their host countries, this study demostrates that political independence is an asset of no mean value to an underdeveloped nation determined to change the balance of power between the multinationals and their host.

TABLE OF CONTENTS

List of Tables..... iv

List of Figures..... vi

Aknowledgements..... vii

PART I THE SETTING

CHAPTER PAGE

1 The Problem..... 1

The Questions..... 4

Methodology and Scope of Study..... 6

Limitations of the Study..... 8

Conventional Wisdom in International Relations Theory..... 10

Dependencia..... 13

The Statist Paradigm..... 19

Africanizing the Latin Model..... 26

2 THE CONTEXT OF FOREIGN POLICY..... 34

Nigerian Foreign Policy:An Overview..... 40

The Colonial Economy:1900-1945..... 43

Transport and Communications..... 50

Agriculture,Money,Banking & Foreign Trade..... 57

Post-War Developments..... 64

3 INDEPENDENCE AND AFTER..... 75

Structural Characteristics of the Economy..... 75

Foreign Economic Policy:1960-66..... 92

PART II DOMESTICATING THE PRIVATE SECTOR

4 The Nigerian Enterprises Promotion Decree:Background..... 105

CHAPTER PAGE

The Extent of Foreign Control.....125

Shareholding and Control at Board Level.....134

5 THE NIGERIAN ENTERPRISES PROMOTION DECREE: OBJECTIVES..... 148

The General and the Specific..... 148

The Machinery of Implementation..... 161

The Structure of the Board..... 165

6 THE NIGERIAN ENTERPRISES PROMOTION DECREE: IMPLEMENTATION..... 171

Levels of Implementation..... 171

Affected Businesses..... 172

Implementing the NEPD:The Primary Level.... 180

Implementing the NEPD:The Secondary Level.. 183

The State and Foreign Capital..... 189

The State and Indigenous Capital..... 202

Responding to the Shortage of Capital..... 205

The Financial Institution and the NEPD..... 206

The 1972 Decree:Success or Failure..... 219

7 THE NIGERIAN ENTERPRISES PROMOTION DECREE: ACHIEVEMENT AND FAILURE..... 229

The Industrial Enterprises Panel..... 229

The Industrial Enterprises Panel:Terms of Reference..... 233

Findings and Recomendation..... 235

The Internal Consequences of Indigenisation.262

CHAPTER		PAGE
8	CONCLUSION.....	267
	Summary of Findings.....	268
	Theoretical Implications.....	273
	Summary Conclusion.....	302
	BIBLIOGRAPHY.....	312
	APPENDICES.....	326

LIST OF TABLES

1.1 Direction of Nigeria's Trade:1960-65..... 2

1.2 Principal Trading Partners:1967-69..... 3

2.1 Exports of Nigeria's Principal Products:1946-60.. 45

2.2 Nigerian Railway Mileage:Goods and Passenger Traffic:1934-39..... 54

3.1 Imports of Selected Consumer Goods: 1951-60..... 82

3.2 Gross Domestic Product:1956-60..... 85

3.3 Banks and their Branches,1960..... 87

3.4 Firm Offers of Foreign Aid:1962-64..... 100

3.5 Private Foreign Investment in Nigeria,1964..... 102

4.1 Comparison of Coacoa Export Handled by European and non-European Firms:1940-1952..... 109

4.2 United Africa Company (UAC) Subsidiaries..... 110

4.3 Number of Enterprises by Nationality of Owner and by Type of Commodity Sold..... 113

4.4 Distribution of Firms by Paid-up Capital..... 127

4.5 Distribution of Shareholding:Expatriates and Nigerians 127

4.6 Distribution of Shareholding by Type of Shareholder and Value of Shares Held..... 128

4.7 Distribution of Majority Shareholding by Type of Shareholder and size of Paid-up Capital..128

4.8 Proportion of Shares Held by Nigerian Institutions Classified by Size of Paid-up Capital.131

4.9 Proportion of Shares Held by Nigerian Individuals by size of Paid-up Capital of Firms..... 131

4.10 Proportion of Shares Held by Expatriate Institutions Classified by Size of Paid-up Capital.....133
4.11 Proportion of Shares Held by Expatriate Individuals Classified by Size of Paid-up Capital.....133
4.12 Distribution of Largest Shareholders by Type and Proportion of Shares Held..... 135
4.13 Proportion of Shares Held by Board Classified by total Company Paid-up Capital Capital..... 136
4.14 Proportion of Shareholding by Expatriate Members of Board..... 139
4.15 Distribution of Firms in which Expatriates own Majority of Board Shares..... 140
4.16 Distribution of Firms,using size of Board by Proportion of Expatriate Members 142
4.17 Distribution of Firms by Proportion of Expatriate Board Members' Shares..... 143
4.18 Distribution of Firms Using Size of Paid-up Capital by the Proportion of Expatriate Members.....144
5.1 Economic Development Orientations in Nigeria after World War I..... 152
5.2 Financing the Public Sector Programmes Under the Second National Development Plan..... 153
5.3 Businesses in Schedule I..... 154
5.4 Businesses in Schedule II..... 156
6.1 Schedules of Ordinary Stocks and Shares 174
6.2 Public Issues Made From 1st May 1973 to 31st July 1974 on the Lagos Stock Exchange..... 184

6.3 Capital Issues Commission:Applications Determined 1973-75..... 188
6.4 Commercial Bank Loans to Indigenous Borrowers.... 208
6.5 NIDB Total Investment in Companies:1964-73 By Controlling Interest..... 210
6.6 NEPD 1972:Summary of Schedule I Compliances..... 222
6.7 NEPD 1972:Summary of Schedule II Compliances..... 225
6.8 Profits in Manufacturing Industries..... 227
7.1 Schedule II Enterprises:Spread of Ownership,1976..242
7.2 Additions to Schedule I Enterprises..... 245
7.3 Additions to Schedule II Enterprises..... 246
8.1 Flow of Foreign Private Foreign Capital By Country of Origin..... 274
8.2 Employment by Schedule,1972..... 300

LIST OF FIGURES

8.1 Process of Economic Decision-making:1962-65.....305
8.2 Economic Decision-making Structure Under the Military-Bureaucratic System..... 306

ACKNOWLEDGEMENTS

For someone who succeeds in turning massive layers of unorganized data into a systematized presentation of hard facts about a defined reality, it is not difficult to acknowledge the contributions of individuals and institutions to the project. What I find problematic is to rank-order the various contributors. For this project, this would be an exercise in futility, simply because the contributors have played their roles at such critical points as to make assignment of value meaningless. All I can say is that I owe my success in this intellectual exercise to each one of them.

To Mr Joshua Ogunlowo, Permanent Secretary of the Kwara State Ministry of Rural Development, Ilorin, who re-kindled my interest in academia after my short spell in the Nigerian Federal bureaucracy, I shall be eternally grateful. To Mr and Mrs. Isola Kokumo who facilitated my acculturation to the life in America's most violent city, I express my gratitude. To Mr James T. Kolo, Head of Service of Minna State in Nigeria goes my thanks for introducing me to Columbia University.

For my data collection, the staff of the Nigerian Enterprises Promotions Board in Lagos were helpful in making available to me all published documents relating to the Indigenization Decrees. My sincere gratitude goes to many individuals in the Federal and State governments who provided much needed information and evaluation on the indigenization. At their request, I cannot identify them

by name. I cannot forget Mr C.A. Bello, Permanent Secretary, Kwara State Liason Office at the time of my field work, and Mr B.B. Ayobolu, the General Manager of the Midland Supplies Company in Ilorin, Kwara State, whose contributions to my intellectual development over the years have culminated in this achievement. To both of them I record my appreciation. To Dr U.A. Angulu, my head of Department at Ahmadu Bello University Zaria, who took up my financial problems with the authorities of the University at each critical stage, I am very grateful. Others who have contributed in many significant ways to the successful completion of this work include Dr. and Mrs C.N. Wambebe of the Department of Parmacology, Ahmadu Bello University, Zaria, Professor A.O. Ozigi of the Institute of Education, Ahmadu Bello University Zaria, Dr. and Mrs R.O. Adewoye of the Federal Leather Institute Zaria, and Dr. and Mrs A.A. Oladimeji of the University of Ottawa, Canada.

To Professors John Ruggie and Donald Puchala, my sponsors, go the credit for whatever quality the work has. Their timely comments and suggestions prevented me from veering off my chosen theoretical trajectory. I am very much indebted to Ms. M.V. Freund of the Department of Political Science who guided me through the labyrinth of Departmental regulations and requirements throughout my stay at Columbia University.

At this point I must contradict myself on the issue of rank-ordering. All the contributions made by individuals

individuals and institutions mentioned above would have amounted to nothing but for a woman who has been to me not only a wife but a companion at every stage of this project. For four gruelling years she bore single-handedly, the agony of living with an absentee husband and having to face the barrages of penetrating questions from our children who could not understand why their Daddy must stay in school all day and night. At the expense of her health she stayed late into the night not only to type some of the chapters but to read and edit most of the work. If there is any truth in the aphorism that behind every successful man is a woman, this is it. To her goes the credit not only for the record-time in which this dissertation has been completed, but also for whatever qualities it may have. To her and our children who shared the agony of my absenteeism, I am extremely grateful.

Having had the benefit of such generous assistance in the production of this work, the responsibility for its inadequacies cannot but be mine alone.

PART I

THE SETTING

CHAPTER 1

The Problem

By the time Nigeria became independent from British rule in October 1960 her economy, quite predictably, was dominated by foreign private (mainly British) capital. Of the total foreign industrial investment of N203.2 million, 78 percent was foreign, 18.8 percent Nigerian government and a meagre N 54.8 million (21 percent) Nigerian private.[1] Even as late as 1975 foreign banks accounted for 68 percent of current account deposits, 72 percent of savings, 67 percent of time deposit and 71 percent of loans and advances. This predominance of the Nigerian economy by foreign multinationals, is not surprising, given the inherited structures of coloniadism which had proved difficult to dismantle. As shown in chapter 3 below, Nigeria's relationship to the international political economy was dictated by her virtual dependence on Britain in the first few years of independence. As Table 1.1 shows, 82.4 percent of her external trade at independence was with Britain and other nations of the West. The situation had changed little by the end of the decade, as shown in Table 1.2. In the first three years of independence, there was no diplomatic interaction with the Eastern bloc of nations, hence formal trade relations were inconceivable. So anti-East were Nigerian leaders that not only was an interest-free loan from the Soviet Union rejected,

---

[1] A.N. Hakam, "The Locational Pattern of Foreign Private Industrial Investments in Nigeria" in O.Teriba and M.O.Kayode, Industrial Development in Nigeria: Patterns, Problems and Prospect. (Ibadan, Ibadan University Press, 1977). p.160

2. Bade Onimode, "Imperialism and Multinational Corporations in Nigeria" in Journal of Black Studies 9,2(Dec 1978) p. 212

Table 1.1 Direction of Nigeria's Trade 1960 - 65

	Principal Buyers of Exports						Principal Suppliers of Imports.					
	1960		1963		1965		1960		1963		1965	
	Annual Value in Fm	% of Total Expts.	Annual Value in Fm	% of Total Expts	Annual Value in Fm	% of Total Expts.	Annual Value in Fm.	% of Total Expts	Annual Value in Fm	% of Total Expts	Annual Value in Fm	% of Total Expts.
U.K.	79.9	48.1	74.0	39.1	101.5	38.5	91.4	42.3	70.8	34.1	85.0	30.9
EEC	51.3	30.9	69.1	37.0	96.3	36.6	31.7	14.7	41.3	21.2	56.4	20.3
U.S.A.	15.9	9.7	17.4	9.5	26.2	9.9	11.6	5.4	17.9	8.1	33.1	12.2
Japan	2.5	1.5	2.4	1.3	3.2	1.2	27.8	12.8	25.9	12.4	25.6	9.6
Others	16.2	9.2	22.0	13.1	36.1	13.8	53.4	24.8	51.7	24.2	75.2	27.0
Total	165.8	100.0	184.9	100.0	2633	100.0	215.9	100.0	207.6	100.0	275.3	100.0

Source: Idang: Internal Politics and Foreign Policy : 1960-66 ,(Ibadan Ibadan University Press,1973) p.142.

Table 1.2

Principal Trading Partners of Nigeria 1967-1969

(Value in millions of Nigerian Naira)

Company of Origin	Imports			Exports		
of Destination	1967	1968	1969	1967	1968	1969
United Kingdom	129.2	119.3	176.6	14.6	123,8	175,4
Netherlands	18.6	15.6	23.2	61.6	54.0	85.6
United States	55.6	44.6	58.6	37.0	32.0	80.0
West Germany	50.4	42.4	52.8	50.2	35.8	38.6
Italy	21.4	17.6	27.0	28.2	26.2	15.0
France	18.8	14.4	16.0	44.8	23.0	62.8
Soviet Union East Europe and the People's Republic of China	27.6	24.2	28.6	15.0	24.4	24.6
African countries	5.2	8.6	11.0	5.6	4.0	6.0
Other countries	120.2	88.0	107.6	93.2	89.8	133.2
Total	447.0	385.2	497.4	476.2	413.0	636.2

Source: adapted from Nigeria, Federal Office of Statistics, Nigerian Trade Summary, December 1967, 1968, 1969 (Lagos, 1968,1969, 1970) Table appears in Nelson et al, Area Handbook for Nigeria, p. 370

Nigerians were barred from travelling to countries of Eastern Europe. All these, in spite of the official declaration of non-alignment as the cornerstone of the country's foreign policy.

Domestic economic policies reflected a strong commitment to the free enterprise economy. Strenuous efforts were made to create a hospitable climate for foreign private investments through generous tax incentives. The result of this was the 'invasion' of the Nigerian economy by foreign investors, to such an extent that one could legitimately talk of a 'captive' economy. Not only was foreign private capital free to move where it considered most profitable, thus dictating what to produce, when and how, corporate decision-making was concentrated in the hands of the few expatriatre employees who directed the activities of the multinational corporations. Chapter 4 provides an in-depth analysis of this strangulating control of the Nigerian economy.

Then came the military, under whose rule a noticeable shift in orientation occurred, culminating in the promulgation of the Nigerian Enterprises Promotion Decree in 1972. At face value, the decree represented a radical departure from the free enterprise philosophy. This study focuses on the reasons for the shift.

The Questions

Essentially, the decree sought to transfer the ownership and control of major business enterprises to Nigerians in the belief that political independence can only be mean-

ingful if accompanied by economic independence, and that economic independence can be accelerated only by national control of the principal means of production and distribution. The questions the study seeks to answer are thus related to the role of the state in this exercise and its implications for other developing nations. Specifically, the study seeks to answer the following questions: What was the objective of the decree? What were the intended outcomes of its implementation? Who were the principal beneficiaries? Did the decree reflect a fundamental change in Nigeria's external orientation? If so, what theoretical and empirical implications does it have? Above all, what prompted the shift?

The central thesis of this study is that the Nigerian leaders, infused by a new self confidence that had been generated by the Federal Government's victory in the Civil War and the positive response to its conciliatory gestures from the secessionist forces, came to the conclusion that the time was ripe for a decisive step against monopoly capital, in pursuit of the national interest as articulated in the post-war development plan.[3] The national interest was removed from the vague generalities of the past and placed in the specificity of national objectives. According to the plan, Nigeria would henceforth pursue the fol-

---

[3] Federal Republic of Nigeria, Second National Development Plan: 1970-74 (Lagos, Federal Ministry of Information, 1970).

lowing objectives as its national interest:

1) a united, strong and self-reliant nation;
2) a great and dynamic economy;
3) a just and egalitarian society;
4) a land of bright and full opportunities for all its citizens; and
5) a free and democratic society.[4]

It was in fulfillment of these objectives that the plan stated unequivocally, that the government was determined to intervene "in economic matters, designed primarily to protect and promote the public (national) interest."[19] Nigeria, the policy-makers signalled, was ready to initiate a transition from foreign to indigenous control of the economy.

Methodology and Scope of Study

As stated earlier on the analytical perspective adopted in this study postulates a dichotomy between state and society and asserts that the former acts autonomously in the general interest of the latter. The choice of this perspective is the result, not only of my conviction that the statist paradigm is on firmer ground in explaining Nigeria's foreign economic policy under the military, but of my interest in testing the dependence thesis. By engaging in this kind of dialectics, I believe the analytic

---

4. Ibid. p. 32.

rigor of the statist paradigm can be demonstrated.

Four methodological techniques were used in carrying out the research. First, I have examined all relevant documents -- decrees, policy statements, reports, National Development Plans and press releases - concerning the Nigerian Enterprises Promotion exercise. These constitute my primary documentary source, together with the files of the various companies at the Secretariat of the Nigerian Enterprises Promotion Board. Secondly, I conducted personal interviews with various officials directly or indirectly involved in the formulation and implementation of the Nigerian Enterprises Promotion Decree. These include Commissioners, Permanent Secretaries (i.e., Heads of Government Ministries) and officials of the Nigerian Enterprises Promotion Board. In addition, I randomly interviewed representatives of the various groups that either subjectively or objectively have vested interest in the indigenization program. These include foreign and indigenous businessmen, lower-cadre workers in the public and private sectors, as well as university teachers.

Thirdly, I conducted a survey through a written questionnaire distributed to over 30 indigenous businessmen, with about 80 percent response. (See Appendix 4 for a sample of the questionnaire.) Finally, I have made copious use of published materials to back up my case at various points. These include books, academic journals, magazines, and newspapers (see Bibliography for the list).

Even though the study covers the period of the military rule, 1966-78, the dynamics of the period began to emerge only after the civil war, i.e., from 1970 onwards. But it was in 1966 that the political and administrative momentum of the new offensive in foreign policy began. The terminal year -- 1978 -- was chosen because of the military's program of withdrawal from the political scene in 1979, a program they followed to the letter, leading to the installation of a civilian regime in October 1979. Terminating the study in 1978 thus removes the danger of including decisions or events too close to the transition from military to civil rule, events and decisions which may reflect more the vagaries of politics than concrete facts on which analysis can be based.

Limitations of the Study

Like all scholarly works, this study is limited by a number of constraints. Because of the colonially inherited attitude to official documents, it has not been possible for me to have access to some of the files that might have shed light on the internal political struggle in the formulation of the NEPD. Thus one can regret that there is a 'missing link' in the chain of evidence adduced here. There is also the problem of the extent to which one can rely on the information gathered through personal interviews. Care has, however been taken to crosscheck the information through written sources, to reduce the margin of error in the findings and conclusions of the study.

The most important of these conclusions is that the central decision-makers in Nigeria were not inhibited by the country's dependence on international capitalism when they decided it was time to initiate a program of indigenizing the ownership and control of some sectors of the economy as a step towards freeing the economy from the paralysing grip of foreign capital. The ideological rationalization for this action was that national interest dictated it. This does not mean, however, that central decision-makers in Nigeria (the State) were always motivated by the national interest in every decision they took. If they were, they would not be humans. Indeed the indecisiveness that characterized the Gowon regime in the dying days of its life can easily be construed as a reflection of the State's subordination to the powerful foreign and domestic interests which had high stakes in the status quo. But it can also be demonstrated that it is the failure to pursue the national interest that terminated the regime's life in July of 1975. The decisiveness with which the major domestic and foreign crises facing the nation were handled -- the most spectacular of which were the removal of hundreds of bureaucrats, military and civil (including some of those regarded as too powerful to dislodge) [5] and the

---

5. See editorials in New Nigerian, 31 July, 1975, Daily Times, 30 July, 1975, The Nigerian Herald, 1 August, 1975 and The Nigerian Tribune, 31 July, 1975.

rigorous prosecution of the war against foreign capital-is an eloquent testimony to my thesis in this study.

Conventional Wisdom in International Relations Theory.

That the 1960's was a decade which witnessed the liquidation of colonialism in Africa has never been seriously disputed. But the subsequent displacement of the post-colonial regimes by the military has generated considerable controversy as to the cause or causes of the instability of the post-colonial state. To the liberal analyst, post-independent political instability had its roots in the destabilizing processes of modernization, the uprooting of primordial bonds which produced "the politics of communalism."[6] The most concise statement of this was that by Samuel Huntington whose thesis of the gap between mobilization and institutionalization continues to provide the theoretical underpinning for many studies on the 'politics of the developing areas.' Political stability, argues Huntington,

---

6. For the application of the model to Nigeria, see Kenneth Post and Michael Vickers, Structure and Conflict in Nigeria: 1960-1966 (London, Heinemann, 1976).

> ...depends upon the ratio of institutionalization to participation. As political participation increases the complexity, autonomy, adaptability and coherence of the society's political institutions must also increase if political stability is to be maintained.[7]

Given the perceived relationship between political stability and development, liberal scholars of the modernization school have insisted that political instability has been the greatest obstacle to development.[8] Genuine development, it is conceded, involves "a structural transformation of the economy, society, polity and culture (of the new states), that permits the self-generating and self-perpetuating use and development of the people's potential."[9] Since genuine independence implies a capacity for autonomous action by the new states at the international level, it follows that the primary constraint on development is political instability.

---

7. Samuel P. Huntington, Political Order in Changing Societies (New Haven, Yale University Press, 1968) p. 79.

8. The literature on this is innumerable. For a regional perspective that focuses on Africa, see David E. Apter, The Politics of Modernization and James O'Connell, "The Inevitability of Instability" in Journal of Modern African Studies, 5, 2 (September 1967) pp. 181-91.

9. James D. Cockcroft, Andere Gunder Frank and Dale Johnson, Dependence and Underdevelopment: Latin America's Political Economy (Garden City, Doubleday and Co., 1972) p. XVI.

This reasoning is implicit in the analysis of the foreign policies of the new states. Foreign policy is seen as the product of the interaction between the domestic political and economic processes and the international environment in which the state finds itself. In this model, the leaders of the new states are perceived as autonomous agents of the state, acting in the interest of their people in furtherance of their collective goal of development, subject only to the imperatives of systemic interaction.[10]

This traditional view of international relations, as applied to the new states was, however, challenged by Andre Gunder Frank in his Capitalism and Underdevelopment in Latin America.[11] In it, Frank challenged not only liberal but also Marxist orthodoxy on two grounds. First, he argued that capitalism had underdeveloped Latin American economies and was incapable of developing them. Secondly, and of more importance to this study, he contended, following Fanon, that the bourgeoisie of the underdeveloped countries are mere accessories to imperial capitalism, unable to challenge the foreign control of the means

---

10. For a stimulating expose on the international system, see Hedley Bull, The Anarchical Society, (New York, Columbia University Press, 1977), especially Chapter 2.

11. Andre Gunder Frank, Capitalism and Underdevelopment in Latin America: Historical Studies of Chile and Brazil (New York, Monthly Review, 1967).

of production, distribution and exchange and, of the monoply of technology exercised by multi-national corporations.[12] Frank thus set the terms of the debate between what has become the dependency school, the liberals as well as orthodox Marxism.

DEPENDENCIA

Dependency theory focuses on the international political economy. Originating in Latin America as a response to the failure of orthodox economic theories of development, the "dependentistas[13] (to borrow Theodore Moran's expression) focus their analytical attention on the international structures that, in their view, "perpetuate dependence."[14]

The central thesis of the dependency school is encapsulated in the much quoted statement of Theotonio dos Santos:

> By dependence we mean a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected. The relation of interdependence between two or more economies, and between these and world trade, assumes the form of dependence when some countries (the dominant ones) can expand and can be self-starting, while

---

12.Ibid. pp. 98-115.

13.Theodore H. Moran "Multination Corporations and Dependency: a Dialogue for Dependentistas and non-Dependentistas," in International Organization, Vol. 32, 1 (1978) pp. 79-100.

14.Cheryl Payer "The Perpetuation of Dependence: The IMF and the Third World" in Monthly Review (September 1971) p. 37.

> other countries (the dependent ones) can do this only as a series of reflections of that expansion...[15]

In this classic formulation of the dependencia thesis, the possibility is there, even if remote, that the dependent countries can develop even if only as "reflections" of the expansion of the dominant country. Later formulations, however, have denied the possibility of development to dependent countries, following Andre Gunder Frank's earlier formulation.

In his analysis of Chile and Brazil Frank concluded that underdevelopment is "the necessary product of four centuries of capitalist development and of the internal contradictions of capitalism itself." These contradictions (the expropriation of economic surplus from the many and its appropriation by the few, the polarization of the capitalist system into metropolitan center and peripheral satellites, and the continuity of the fundamental structure of the capitalist system throughout the history of its expansion, and transformation), Frank argues, have "generated underdevelopment in the peripheral satellites whose economic surplus was expropriated, while generating economic development in the metropolitan centers which appropriate that surplus."[16] Underdevelopment

---

15. Theotonio Dos Santos, "The Structure of Dependence," in K.T. Fann and C. Hodges, eds. Readings in U. S. Imperialism (Boston, Sargent Press, 1971) p. 226.

16. Andre Gunder Frank. Capitalism and Underdevelopment in Latin America: Historical Studies in Chile and Brazil (New York, Monthly Review Press, 1969) p. 3.

is not, for him, an original condition, nor is it a historical stage of economic growth through which the now developed countries passed, as suggested by the entire genre of modernization theorists.[17]

On the contrary, economic development and underdevelopment are the opposite faces of the same coin because in Baran's words (which inspired Frank's works), "the rule of monopoly capitalism and imperialism in the advanced countries and economic and social backwardness in the underdeveloped countries are intimately related; represent merely different aspects of what is in reality a global problem."[18] In his most succinct statement of the dependence problem, Frank states:

> Both economic development and underdevelopment are not just relative and quantitative, in that one represents more economic development than the other; economic development and underdevelopment are relational and qualitative, in that each is structurally different from, yet caused by its relation with the other. Yet development and underdevelopment are the same in that they are the product of a single, but dialectically contradictory economic structure and process of capitalism ...They cannot be viewed as the products of supposedly different economic structures or systems, or of supposed differences in stages

---

17. The literature on modernization to which Frank and other Marxists have reacted, is abundant. For a compreehensive review of the modernization thesis, see Cyril E. Black The Dynamics of Modernization: A Study in Comparative History (New York,Harper & Row,1966)

18. Paul M. Baran, The Political Economy of Growth (New York, Monthly Review Press, 1957) p.15

> of economic growth achieved within the same system. One and the same historical process of the expansions and development of capitalism throughout the world has simultaneously generated and continues to generate both economic development and structural underdevelopment.[19]

If explanation of the contemporary relationship between advanced capitalist countries and countries of the Third World is grim, Frank's prediction is chilling and his prescription revolutionary. The same process (of capitalist development), he argued, continues to generate underdevelopment in Chile and Brazil (and other Third World countries) and this "cannot" and "will not" be eliminated by further capitalist development. "Accordingly," he concluded, "structural underdevelopment will continue to be generated and deepened in Chile (and presumably other Third World countries) until the Chileans liberate themselves from capitalism."[20]

Like any other school of thought, the "dependentistas" are not a homogeneous group of scholars. There are divergencies in views and conclusions. But they have two things in common: 1) for all of them, the unit of analysis is the global political economy, dominated by the West, and 2) for most, if not all of them, the structures of the system serve to perpetuate the asymmetrical and exploitative relationship between the have countries of the West

---

19. Andre G. Frank, op. cit. p. 9.

20. Ibid. p. 3.

and the have-nots of the South. As Cardoso argues:

> Capitalist accumulation in dependent economies does not complete its cycle, lacking 'autonomous technology'...and compelled therefore to utilize imported technology, dependent capitalism is crippled. it is crippled because it lacks a fully developed capital-goods sector. The accumulation, expansion and self-realization of local capital requires and depends on dynamic complement outside itself; it must insert itself into the circuit of international capitalism. 21

From Frank and his disciples in the U. S. and Latin America, to Samir Amin in Africa, the persistent theme of dependency is thus the political and economic incapacitation of the countries of the Third World, (which constitutes the periphery of international capitalism) by the imperatives of global accumulation via the capitalist route, a condition in which these countries serve merely as the source of raw materials for the factories of the core countries, and as helpless recipients of the manufactured goods; in which their leaders act only at the behest of the ruling classes of the core countries, rather than in response to the needs of their people. Susanne Bodenheimer expresses this most lucidly:

> In most conventional international relations theories, the international context is depicted as an arena in which independent (though not necessarily equal)

---

21. Fernando H. Cardoso, "Associated-Dependent Development: Theoretical and Practical Implications" in Alfred Stepan, ed. Authoritarian Brazil: Origins, Policies and Futures (New Haven, Yale University Press, 1973) p. 163.

> players bargain about competing or conflicting national interests...In the case of U. S. relations with Latin America, this model is inappropriate. It assumes that Latin American nations are separate units, led by autonomous decision-makers. It implicitly or explicitly postulates a clear dichotomy between internal and international structures, thus ignoring the reality of Latin American dependency. In addition, international relations theories tend to deal with "policy choices," the implication being that Latin governments, acting autonomously, could make alternative decisions. In fact, so long as they remain within the international capitalist system, the range of alternatives open to these governments is limited to changing certain minor aspects of their relation to the dominant nations (for example, gaining trade concessions, more economic or military aid)...Moreover, the autonomy of Latin American decision-makers is not to be taken for granted; while they may go through the motions of deciding policy, the substance of their decisions often reflects foreign interests more than national interests. (my emphasis)[22]

This extensive passage is reproduced here because it contains a major theme in the dependency literature, which is of direct relevance to the case under investigation, for there is a growing number of scholars who argue that like Latin America, Africa is doomed to progressive underdevelopment under the existing international economic

---

22.Susanne Bodenheimer, "Dependency and Imperialism: The Roots of Latin American Underdevelopment" in K.T. Fann and D.C. Hodges eds. op. cit. p. 170.

structures.[23] Reduced to its elementals, dependencia argues that 1) countries at the periphery of international economic system have very limited options, if they have options at all within the existing international structures; 2) that their policies, whether with respect to their societies or to the external world, cannot but reflect the needs of the latter, rather than the former; and 3) to develop they must not only withdraw from the international system, but must pursue a non-capitalist path to development.[24] Only the first two of these conclusions are of direct concern to the case under examination.

The Statist Paradigm.

To the dependency theorist, the state in the periphery of the international system acts only at the behest and in the interest of the core nations or their representatives.

---

23. See Colin Leys Underdevelopment in Kenya: The Political Economy of Neo-Colonialism (Berkeley, University of California Press, 1974); Issa G. Shivji, Class Struggles in Tanzania (New York Monthly Review Press, 1976), Gavin Williams, op. cit. and Immanuel Wallerstein: "Dependence in an Interdependent World: The Limited Possibilities of Transformation Within the Capitalist World Economy" in African Studies Review, 17, No. 1 (April 1974) pp. 1-26.

24. Samir Amin: "Accumulation and Development: A Theoretical Model" in Review of African Political Economy, 1,1 (1974) pp. 9-26.

The central assumption of the statist approach, on the other hand, is that the state can and must be conceived of as a "set of roles and institutions having peculiar drives, compulsions and aims of their own that are separate and distinct from the interests of any particular societal group." [25]

These aims and interests can be associated either with the general material well-being of the citizens of the state or with ideological preferences related to ideas of the "good society." They can, therefore, be labelled the national interest. In the struggle to promote the national interest, the state confronts internal opposition which may be rooted in ideology or in the competition over policy. It also faces an external world that may be at times hostile, at times friendly, or more often, just benign. Thus, central decision-makers may be frustrated not only by other states whose policies they have to contend with, but by their failure to overcome internal opposition. The state-centric approach to foreign policy is premised on an intellectual vision that conceives of the state as autonomously formulating goals which it then attempts to translate into action against resistance from international and domestic actors. It sees the state as a unified actor pursuing aims understood in terms of the

---

25. Stephen D. Krasner, Defending the National Interest: Raw Materials Investments and U.S. Foreign Policy, (Princeton, Princeton University Press, 1978) p.10

national interest.[26]

This is not to ignore the policy-making process of any given country. Certainly, the internal structures of a country do have a significant bearing on the policies the state pursues. The state-centric approach as used here thus recognizes the need to examine the policy-making process, for a state must deal with the various groups within society that lay claim to its attention, just as it must contend with actors in the international arena. Of course, at any given point in time, state behavior can only be seen as the actions of individuals occupying certain positions in the central government. Thus from an analytic perspective, that treats the state as an autonomous actor, but one that is subject to constraints from the internal and external environments, the primary problems of foreign policy analysis are: 1) the identification of the objectives of the state (or central decision-makers) and 2) the analysis of the state's ability to accomplish them. These are the central tasks of this study, for they do provide the analytical focus for examining the basis for the conclusions of the Marxist

---

26. This approach is popularly known as the realist approach. Its most articulate defenders, Kenneth N. Waltz, Robert W. Tucker, Robert Gilpin and Hans Morgenthau. For the most recent, and probably, the most lucid exposition of the realist position see Kenneth N. Waltz: Theory of International Politics (Reading, Mass. Addison-Wesley, 1979).

structuralists about the behavior of the underdeveloped members of the international society.

Stephen Krasner suggests two ways to identify the national interest.[27] the first -- what he calls the logical deductive -- assumes that states will pursue certain objectives, for example, preserving territorial and political integrity of the nation, which are regarded as the core objectives of the state. In the Hobbesian state of nature, which is a state of undeclared war characterizing the international system, the protection of the state's independence is the first law of survival. This explains the behavior of European statesmen from the sixteenth to the eighteenth century, where the balance of power was the dominant theme in European statecraft. And this same reasoning continues to influence the behavior of the Soviet Union and the United States, since World War II.

The deductive approach to national interest is deficient, however, when one moves from the realm of the politics of warfare to the realm of the politics of welfare. That is to say, when dealing with issues other than the core objectives of the state, i.e., survival, the approach is less potent in explaining state behavior. It is for this reason that a second approach to apprehending the national interest becomes necessary. This approach -- the empirical-inductive approach -- calls for the examina-

---

27. Krasner op. cit., p. 35.

tion of what state officials say and do. This in itself, is not sufficient to establish the national interest, since it is conceivable that state actors may say and do things that reflect particular, rather than general, or public interest.

To be used to define the national interest, therefore, the statements and preferences of state officials must meet three criteria: the preferences do not consistently benefit a particular class or group (else the Marxist's position will be vindicated); secondly, these preferences persist over an extended period of time; and thirdly, the preferences must not be directed primarily to their own personal in terests, otherwise, they cease to be of national interest.

It is not suggested that by these criteria there are gains and losses from policies to be distributed equally; only that they are not passed on to the same group at all times, or even more often than others. For as Pareto points out, the summation of the preferences of individuals or groups does not amount to what he called "the utility of the community," that is, the national interest, which differs from the "utility for the community" viewed as a collection of individuals.[28] Since no policy can benefit

---

28. Wilfred Pareto, Sociological Writings, selected and introduced by S.E. Finer (New York, Praeger, 1966) p. 254-55.

every member of the society simultaneously, the Benthamite calculus collapses unless there is some basis for making comparison of individual utility. The state is the only institution in society that assigns such values. It is in this regard that an inductively based conceptualization of the national interest becomes not only valid, but operational in terms of the preferences of the central-decision-makers.

It is from this empirico-inductive perspective that Nigeria's foreign economic policy under the military is analyzed. An inductive statist approach asserts that the national interest "consists of a set of transitively ordered state preferences concerned to promote the general well-being of the society that persists over a long period of time."[29] A period of twelve years is considered long enough to validate our conclusions.

It is important to point out at this juncture that the analytic assumptions of Marxism, be it of the structuralist or instrumentalist variety, are different from those of the approach adopted in this study in three different ways. In the first place, Marxists reject the idea of national interest. To them, the goals pursued by the state reflect either the preferences of the capitalist class or factions within it, or the needs of the capitalist system as a whole. State actions cannot, therefore, eman-

---

29. Krasner, op. cit. p. 45.

ate from autonomous drives or reflect the general well being of the society. Magdoff argues this most pointedly:

> There are obviously times in the history of nations when national interest supersedes or exists apart from divergent class interests. The clearest example is that of a country occupied or controlled by a foreign power. In the absence, however, of similar experiences which unify a people in a common cause..., the so-called national interest of a class society is, and can be, nothing other than the interest of the ruling class (or an alliance of dominating classes)[30] (my emphasis).

In the second place, even though structural Marxism views the state as relatively autonomous, it does not see this autonomy outside of its societal context. The peculiar tasks of the state are seen ultimately in association with the interests of the capitalist system. Finally, the behavior of the state is explained primarily in terms of economic goals. Other objectives are merely instrumental to the economic objectives, not consummatory in themselves. Even ideological objectives are seen as mere subterfuge, as masks that conceal the reality of exploitation and thus mollify the powerless in society.

The claim that there is such a thing as the national interest and that the state is its embodiment is vehemently disputed by Marxists of whatever ideological persuasion.

---

30. Harry Magdoff, "Comments" on Professor Weisskopf's paper on "Capitalism, Socialism and the Sources of Imperialism" in Steven J. Rosen and James R. Kurth, eds., Testing Theories of Economic Imperialism (Lexington, Mass., D.C. Heath and Company, 1974) p. 83.

It is much easier, though, to deal with instrumental, than with structural Marxism, in demonstrating the validity of the statist approach. This is because both the statist concern with maximizing general utility and structural Marxism's focus on maintainin g the capitalist order, predict that the state will do everything to protect its interests, the difference lying in the question for whom? While for the Marxist, it is ultimately for the capitalist class, for the statist, it is the society in general. Yet the pertinent question remains whether what is good for General Motors is necessarily bad for the society. Until it is empirically proven that what is in the interest of the capitalist class is inherently destructive to society at large, the statist's insistence that there is such a thing as the national interest as identified in the preceding paragraphs, remains a useful heuristic device.

Africanizing the Latin Model

Ever since the publication of Frank's work, there has been an explosion of macro as well as micro studies on the political economy of underdevelopment, most of which have expanded on Frank's original thesis. In Africa, Samir Amin's Accumulation on a World Scale blazed the trail for such micro studies as Shivji's Class Struggle in Tanzania, Mandami's Class and Politics in Uganda and Williams' Nigeria: Economy and Society, all of which are attempts to

apply Frank's model to individual countries of Africa.[31] To these and other scholars working within the analytical framework of dependency, political instability in the new states of Africa, Asia and Latin America is just a manifestation of a deeper structural problem: their dependence on international capitalism whose structures subordinate their (the new states') productive energies to the needs of the industrialized societies. It is these structures that 'perpetuate' their dependence and thus prevent genuine development and the consequent freedom of action that truly independent nations enjoy in the international system. Claude Ake, one of Africa's leading exponents of this viewpoint, argues:

> dependence is primarily an exploitative relationship which impoverishes Africa materially and spiritually. It perpetuates an international division of labor which guarantees the persistence of underdevelopment and indeed the widening of the gap between Africa and the industrialized nations....What is clear is that Africa has to disengage from this exploitative relationship in order to overcome under-

---

31. Ibid. p. 98-115. Samir Amin, Accumulation on a World Scale: A Critique of the Theory of Underdevelopment (New York, Monthly Review, 1974); Issa G. Shivji, Class Struggle in Tanzania (New York, Monthly Review, 1976); Mahmood Mamdami, Politics and Class Formation in Uganda (New York, Monthly Review, 1976); Gavin Williams, ed., Nigeria: Economy and Society (London, Rex Colins, 1976).

development.[32] (My emphasis.)

The prescription to disengage from the international system is based on the assumption that African states do not have and cannot have the capability or will to act against the multinational corporations that control their economies. Segun Osoba puts the issue into specific context by arguing that the Nigerian military-bureaucratic leadership was incapable of acting against foreign capital because of the overwhelming weight of its structures of domination:

> Given this cast-iron structure of dependence rigged up by the major capitalist economies of the world...the viable options open to us are narrowed to only two. Our Bourgeoisie could aquiesce in the structure of dependence... on the ground that because the metropolitan centers of control and manipulation are so much stronger than they are, to challenge them frontally could amount to a futile suicidal gesture on their part... The second option...involves the systematic and arduous task of mobilizing the masses of the people by the bourgeoisie in an anti-imperialist struggle against foreign monopoly capital. [33]

---

32. Claude Ake, "Explanatory Notes on the Political Economy of Africa," The Journal of Modern African Studies 14, 1 (March 1976) p. 22.

33. Segun Osoba, "The Deepenin gCrisis of the Nigerian National Bourgeoisie" Review of African Political Economy 13 (May-August, 1978) pp. 66-67.

Osoba contends that the latter option -- the revolutionary option- was an unlikely candidate for the bourgeoisie because it threatened "in a very real sense the profitability of imperialist enterprise in our economy" and therefore was "bound to provoke sharp retaliatory measures from the imperialists against the representatives of the national bourgeoisie embarking on such a course of action." He concludes:

> There is no evidence from the twenty-six years of majority rule in Nigeria that the present Nigerian national bourgeoisie has the political will and clarity to engage world imperialism in a serious struggle in concert with and on behalf of the oppressed masses of the people. There is also no evidence that it is capable of mustering up enough revolutionary discipline and a self-sacrificing nobility of heart that would make it give up its privileges and its profits so that its people can have a new and more dignified existence.[34]

In the same vein, Gavin Williams' volume on Nigeria rules out the possibility of capitalist industrialization in Nigeria for the same reason, i.e., the weakness of the state vis-a-vis foreign capital. He, too, bears quoting on this:

> The ambiguous position of the (Nigerian) bourgeoisie within the neo-colonial political economy is expressed in its ideological ambiguity. Its nationalism is the outcome of its wish to appropriate resources back from the foreigner; its commitment to foreign investment is the outcome of its concrete dependence on the

---

34. Ibid.

> neo-colonial political economy....The bourgeoisie lacks the commitments of a religious, socialist or nationalist character of the rationalizing, capital-accumulating, surplus-expropriating classes which directed the industrialization of Britain, Russia, Germany and Japan.[35]

The last decade has thus witnessed an increasing Latin-Americanization of Third World scholarship with the result that even some of the older generation of Third World scholars who have been actively involved in one way or another in the formulation of the economic policies of their countries have begun to retreat from their earlier theoretical positions. For instance, Mahbub ul Haq, who headed the Planning Unit of Pakistan's Ministry of Economic Planning for over a decade wrote in 1963: "There exists a functional justification for inequality of income if it raises production for all and not consumption for a few... The road to eventual equalities may inevitably lie through initial inequalities."[36]. By 1971, he had become disillusioned with his Cambridge economics, questioning its neo-Smithian premise:

> It is time to stand economic theory on its head, since a rising growth rate is no guarantee against worsening poverty. ...Divorce between production and distribution policies is false and dangerous:

---

35. Gavin Williams, op. cit. p. 33-34.

36. Mahbub ul Hag, The Strategy of Economic Planning (New York, Oxford University Press, 1963) pp. 1-3.

> the distribution policies must be built into the very pattern and organization of production. 37

Similarly, Professor Adebayo Adedeji, Nigeria's former Commissioner for Economic Development and one time Professor of Development Economics and Administration in the University of Ife, revealed a similar disillusionment with his London School of Economics training when, in a keynote address at a seminar on alternative patterns of development, in Addis Ababa, he warned:

> Unless we (Africans) make a clean break with the past and set about the urgent and imperative of evolving our own pattern of development and life-styles, the social and economic transformation which we so earnestly seek to bring about will continue to elude us. 38

What all these add up to is a denial of the possibility of transformation from primitivity to modernity because of the dependent nature of Third World economies. It is this thesis that this study sets out to test. It is difficult to accept the proposition that the new states of Africa, Asia and Latin America have no option but to submit passively and perpetually to the structures of exploitation and domination created during the colonial rule. I submit that such a conclusion contradicts empirical reality

---

37. Quoted in Mahbub ul Hag's The Poverty Curtain: Choices for the Third World (New York, Columbia University Press, 1976) p. 1.

38. "The Mimic People of Africa", West Africa (23 April 1979) p. 709.

in a number of cases, one of which is the focus of this investigation. In the following Chapters, I shall adduce evidence to show that the Nigerian bourgeoisie, led by the military-bureaucratic elites, demonstrated its capacity to move decisively against the very structures of exploitation and domination, without the fear of retaliatory measures from those whose interests were vitally affected.

The investigation necessarily focuses on the role of the state in a developing society and the principal question reduces to whether the state served the national interest, as will be argued in this study, or whether it served the interest of the international bourgeoisie, as argued by a number of scholars whose theoretical postulates are being challenged in this study.

The empirical focus of the investigation is the Nigerian Enterprises Promotion Decree,[39] otherwise known as the indigenization decree. Promulgated in 1972, it sought to eject foreign capital from certain areas of the economy as a step towards wresting permanent control of the economy from aliens, for no one, not even the ruling elites, deny that the Nigerian economy was under the control of foreign (mainly British) multinational corporations. By control is meant the direction of economic activities in which foreign multinationals are engaged. This had been firmly in the

---

39. "The Nigerian Enterprises Decree No. 4 February 17, 1972" in Federation of Nigeria Official Gazzette Extraordinary, No. 10, Vol. 59 (Lagos, 28 February, 1972) Part A

hands of corporate managers who constituted a mere 3 per cent of the total work force in most of the multinational corporations.[40] In the following two chapters the back ground to the indigenisation degree will be examined, beginning with the development of the Nigerian economy under British colonialism.

---

40. See Carolyn C.Stremlau, "Indigenization of Management in Foreign-owned Firms in Nigeria" Ph.D. Dissertation,Fletcher School of Law and Diplomacy" (Tufts University,1975) p.iii.

CHAPTER 2

THE CONTEXT OF FOREIGN POLICY

In Man, the State and War, Kenneth Waltz eloquently argues against unilinear or single factor explanations of a state's international behavior.[1] At best these approaches account for one out of the many factors that intrude into the decision-making process of any nation. It is in the light of this that scholars have sought to probe into what has become a central concern of foreign policy analysts: the determinants of foreign policy. One of the most systematic treatments of this is Kenneth W. Thompson and Roy C. Macridis' introductory chapter to the volume edited by Roy Macridis. According to the authors, the elements of foreign policy can be conceived of in terms of concentric circles. At the center are those elements that are more or less material in character and are relatively permanent, such as geography (i.e. territorial expanse, location, etc.) and natural resources. Other elements, such as economic, industrial and military establishments are more responsive to change and human manipulation. Then there are the human factors, partly quantitative, such as the size of the population, and partly qualitative, such as the social structure, national consciousness, the political system and the quality

---

[1] Kenneth N. Waltz. Man, the State and War: A Theoretical Analysis, (New York: Columbia University Press, 1959), p.

of leadership. All these elements constitute the domestic determinants in most analyses of foreign policy, or the parameters within which policies are made. For instance, the fact that Nigeria is in Africa, south of the Sahara, populated by Africans of negroid stock, makes intelligible her consuming concern with the racial problems in Southern Africa. Speaking of the hierarchy of interests in a nation's foreign policy priorities, M. Paul-Henri Spaak of Belgium, observed:

> There must be a hierarchy in international obligations. The nations of a continent cannot reasonably be asked to consider with the same realism and sincerity of judgment affairs which directly concern them and events which are taking place in regions where they have neither interests nor influence.[3]

That Nigeria's leaders assumed a posture of continental leadership has been the function of the perception, if not the reality, of national power, based on the country's size, population and material resources, with which it is endowed, a fact which has led to the popular notion that Nigeria is a "giant in the sun."[4] With its geographic boundaries stretch-

---

[2]For a detailed discussion of these elements, see Roy C. Macridis, ed.: Foreign Policy in World Politics, 5th ed. (Englewood Cliffs, NJ: Prentice-Hall, 1976), ch. 1.

[3]M. Paul-Henri Spaak, quoted in Macridis, Ibid., p. 4.

[4]The entrance to the luxurious Bagauda holiday resort near Kano in Kano State has these same expressions boldly staring at visitors; a reminder that they are in Africa's (potentially) most powerful nation.

ing from the Atlantic Ocean almost one thousand miles inland, a total land area of 373,300 square miles, an estimated population of over one hundred million and substantial oil reserves which make her the ninth largest producer of crude oil in the world, it is not difficult to see why Nigeria's leaders perceived their country as the natural leader of black Africa.

When one compares Nigeria with her neighbors, Cameroon to the east, Niger to the north, Benin, Togo and Ghana to the west, the sense of manifest destiny cannot but overwhelm those who find themselves in control of the affairs of such a nation. It is similar to the kind of feeling that being the president of the United States evokes in anyone holding that position, notwithstanding the awesome responsibility that goes with the latter. For against Nigeria's estimated population of one hundred million is Benin's (formerly Dahoney) 3 million, Cameroon's 6 million, Ghana's 8.5 million, Togo's 2 million and Niger's 4 million. And against Nigeria's GDP of $246 billion, Benin has $500 million, Cameroon $2 billion, Ghana $5 billion, Togo $550 million and Niger $500 million.[5]

---

[5]Nigeria's population has been the most contentious issue in the country's post-independent political history. The 1963 census was rejected by the southern political leaders because it perpetuated the hegemony of the north by giving it half of the 55 million population. See West Africa (20 August 1979), pp. 1503-1505, for current projections of the country's population. The GDP figures are for 1975.

Thus the perception of power, if not its reality, in the midst of Lilliputians, emboldened Nigerian leaders to adopt the non-bellicose stance that has characterized her behavior towards her neighbors even in times of extreme provocations.[6]

Similarly Nigeria's cultural heterogeneity has had its impact on the general thrust of her external relations. This was reflected in a number of crises over foreign policy, the most dramatic of which was over the Middle East conflict.

Because roughly half the population of Nigeria professes Islam as a religion, the federal government had to tread cautiously in its dealings with Israel. In spite of the efforts by the late Prime Minister Sir Abubakar Tafawa Balewa to play down the ideological factor in his government's attitude to the Middle East crisis, it was quite clear from the furor surrounding Israeli aid to Nigeria[7] that the civilian government had to strike a delicate balance between the

---

[6]One such occasion was when the deposed dictator of Equatorial Guinea engaged in systematic harrassment and, according to reports, outright brutality, including killing of Nigerians working in the plantations of the Island country. See A.B. Akinyemi, Foreign Policy and Federalism: The Nigerian Experience (Ibadan: University of Ibadan Press), pp. 117-119.

[7]See editorial, the Nigerian Citizen, 18 June 1960, entitled "Foreign Aids." The Nigerian Citizen was the official organ of the northern regional government, the Arab-oriented region of the federation.

pro-Israeli and the pro-Arab elements within the governmental structure. Principles, therefore, had to be sacrificed for expediency and Nigeria ended up infuriating both sides. The dilemma lingers on even today.

The strongest factor affecting Nigeria's foreign policy, however, is the colonial experience. Although the post-colonial government declared non-alignment as the cardinal principle of its foreign policy, there was never an iota of doubt in the minds of its leaders and their mentors in London that Nigeria, for the forseeable future, would be dependent on Britain in conducting herself in world affairs. Two reasons can be adduced for this level of certainty as to the direction of Nigeria's external orientation.

First, the process of decolonization, even if dotted with occasional violent encounters between the colonizer and the colonized, never produced the level of antagonism between the receding colonial power and its successor post-colonial governors. Unlike the experiences in the settler colonial territories, such as Kenya and Rhodesia, independence came, indeed, on a "platter of gold"; i.e., without bloodshed, not without skirmishes but certainly without brawls. No one expressed the significance of this negotiated decolonization so warmly as the late Prime Minister himself, who is on record as saying that Nigerians have known the British "first

as masters, then as partners, but always as friends."[8] Secondly, and more importantly, so thorough were the British in the destruction of the ideological foundation of traditional Nigerian societies that the successor elites have, in their behavior, if not in their pronouncements, come to regard a call to the revival of indigenous values, whether social or economic, as a return to primitive communalism.[9] From the monetization of the subsistence economy to the proselytizing activities of Christian missionaries, from reinforcing the aristocratic structures of feudalism in the north through its policy of indirect rule, to the acculturation process through Western education, the British succeeded in making Nigeria an African reflection of the British political economy. As Basil Davidson put it so eloquently, "More or less consciously, the British and the French were eager to hand their power to elites who would keep the African world safe for capitalism, above all their own capitalism (my emphasis).[10]

Thus, it was fairly predictable that on taking over

---

[8]Speech by Sir Abubakar Tafawa Balewa, Prime Minister of Nigeria, on the occasion of Nigeria's independence, October 1, 1960, in Alan Burns, History of Nigeria, 8th ed. (London: George Allen & Unwin, Ltd., 1972), p. 340.

[9]Asked whether the existing economic arrangement does not undermine the traditional value of collective ownership of property, a Nigerian bureaucrat interviewed retorted: "That is taking us back to the Dark Ages of primitive communalism from which we are striving to emerge." Interview conducted in Lagos on June 25, 1979.

[10]Quoted in Bernard Magubane, "The Evolution of the Class Structure in Africa" in Peter C.W. Gutkind and I. Wallerstein, The Political Economy of Contemporary Africa, (Beverly Hills: SAGE Publications, 1976), p. 186.

from the British, Nigerian leaders would reflect those values that one hundred years of British domination have imposed on the fragile, inchoate nation, which values have played a decisive role in the external orientation of the country. The significance of this ideological preference for foreign economic policy will be examined later on in this chapter. Suffice it to say that the seemingly radical change in Nigeria's external orientation towards the end of the period of this study, which, incidentally, coincides with the terminal rule of the military, does not reflect a fundamental change in the ideological premises of official action. Rather, they were policies dictated by the pressures of economic dislocations coupled with the criticisms that were mounted by radical intellectuals with which a growing number of Nigerians intensely identify. It will be argued that this seeming radicalism was more a tactical response to these internal problems than a fundamental volte-face in the country's foreign policy.

NIGERIAN FOREIGN POLICY: AN OVERVIEW

What is implied in the preceding section is that it does not take much imagination to predict Nigeria's external orientation, given the historical processes that gave birth to the concept of Nigeria in the first place. This, in a way, makes sense of Marx's observation that "Men make their own history, but they do not make it just as they please, they do not make it under circumstances directly chosen by them-

selves, but under circumstances directly encountered, given and transmitted from the past."[11] Marx hardly had developing countries in mind when he made this statement, but it is not out of context to say that from October 1, 1960, Nigeria was free, at least in theory, to choose the direction of its march to modernity, to carve out an image in the realm of international diplomacy. But choices and decisions must be made within structures that were not the result of autachtonous evolution but were created to meet externally determined needs. The paradox was, therefore, that Nigeria's leaders were free to remake their nation's history even if within the constraints of foreign institutions. That they chose not to challenge or alter the course mapped out by the receding colonial power remains a choice consciously made according to the perceived interests of the nation.

Thus, Nigeria's foreign policy in the first five years of independence - which was the period of the first civilian administration - witnessed Nigeria's "political non-alignment and economic alignment."[12] Officially, Nigeria was to pursue a policy of non-alignment. "We consider it wrong," declared Prime Minister Tafawa Balewa, "for the federal government to

---

[11]Karl Marx, quoted in Monthly Review (6 November 1975), p. 46.

[12]Douglas Anglin. "Nigeria: Political Non-alignment and Economic Alignment" in Journal of Modern African Studies, vol. 2, no. 2 (July 1964), pp. 247-263.

associate itself as a matter of routine with any of the power blocs." His government would "not blindly follow the lead of anyone."[13] This, according to the Prime Minister, was to be the central guide to Nigeria's external behavior. Nigeria would follow an independent policy "founded on Nigeria's interests." On each occasion the policy would be selected with proper independent objectivity. "Nigeria as a country will not join either the Western or the Eastern or any other bloc . . . No matter from where the truth comes, whether it is from the East or from the West, Nigeria will go to the path of truth." But he added (not surprisingly), "We shall never forget our friends."[14] What "our friends" were did not take long for the world to know, as Nigeria, under his leadership, veered decidedly on the western side of the ideological warfare, in spite of the rhetoric of non-alignment.

This alignment with Britain in particular and the West in general was dictated, as indicated above, partly by the colonial experience and partly by political realism. The colonial experience left not only structures and institutions difficult to dismantle, but also created an ideological disposition unwilling or unprepared to change what was "received." The most important of these structures was the

---

[13] Nigeria House of Representatives Debates. August 1960 Session, pp. 289-290.

[14] See Foreign Policy Statements, published by the Ministry of External Affairs, Lagos, n.d., pp. 1-8.

export-oriented economy and the pattern of external trade the colonial logic imposed.

THE COLONIAL ECONOMY: 1900-1945

Nigeria, as a "geographical expression" became a political reality when the then Northern and Southern British protectorates were amalgamated to become "The Colony and Protectorate of Nigeria," with Lord Lugard as its first Governor-general. This union, dictated by the imperatives of colonial administration and the need to "protect" the territory from French and German imperial incursions, accelerated the process of both the internal integration of the various subsistent economic enclaves and the incorporation of the new conglomerate into the world economy, the latter process having begun as far back as 1486 when the Portuguese explorer, Joao d'Aveiro, reached Benin.[15]

With the establishment of a central administration (law and order in the colonial parlance) and the development of a communications network, a new momentum for integration - both internally and with regards to the world economy - was initiated. As the colonial government concentrated on infra-

---

[15]For a comprehensive discussion of the politics and economics of the amalgamation, see A.G. Hopkins, An Economic History of West Africa (New York: Columbia University Press, 1973), esp. ch. 6. Of the process of Nigeria's incorporation into the world economy, Michael Crowder writes: "The arrival of the Portuguese in Benin marked the first stage in the complete re-orientation of the economy of Nigeria, culminating in the establishment of the British Protectorate over Northern Nigeria in 1900-1906 when trans-Saharan trade gave way to the speedier export of goods by road and rail through the ports of the Atlantic Coast." Michael Crowder, A Short History of Nigeria (New York: Praeger, 1966), p. 66.

structural projects such as roads, railways and telecommunications, to facilitate economic activities throughout the territory, the missionaries busied themselves in providing primary and secondary education. This process of economy formation is most vividly demonstrated by the expansion of the export sector (Table 2.1), with which the imperial authorities were most concerned, and which formed the backbone of the emerging "open economy" in all colonial territories, British or French.[16]

This is not to suggest that Nigeria's economic contact with the outside world was initiated only after this historic act of unification, for both the northern and the southern segments were engaged in external trade prior to British penetration. Northern Nigeria had been engaged in extensive trading activities across the Sahara Desert for centuries before the colonial encounter. The ancient city of Kano was one of the few major trans-Saharan trade centers in the Western Sudan. Indeed, there are documented references to trans-Saharan trade, with Kano as the chief entrepot, by the end of the 15th Century. Kano market became the largest

---

[16]Contrary to the popular view that Africans were forcefully integrated into the world economy, Hopkins demonstrates convincingly that Africans merely seized the opportunities created by colonialism not only to enhance their economic interest but also, after 1945, to undermine "the economic basis of imperialsm" and precipitate its liquidation. Hopkins, op. cit., pp. 172-186.

Table 2.1 Exports of Nigeria's **Principal Products** 1946 - 60 Quantities

Year	Cocoa ('000 tons)	Palm Oil ('000 tons)	Peanut Oil ('000 tons)	Columbite (tons)	Tin Ore (tons)	Coal (tons)	Timber Logs ('000 Cu.Ft.
1946	100	101	-	1438	13,929	188,382	2,262
1947	111	126	-	1290	14,090	156,636	2,723
1948	91	139	-	1239	12,169	97,306	3,212
1949	104	170	-	945	12,676	63,332	4,201
1950	100	173	4	916	11,417	2,718	9,218
1951	211	150	4	1,092	11,753	98,605	16,845
1952	115	167	10	1,228	10,575	1,472	7,706
1953	105	201	19	1,855	12,136	5,071	11,821
1954	98	208	31	2,525	10,308	25,596	10,254
1955	88	182	32	3,047	11,399	99,976	14,504
1956	117	185	35	2,405	13,364	98,393	10,616
1957	135	166	39	1,145	13,577	101,760	12,970
1958	87	171	40	737	7,627	98,248	15,335
1959	143	184	48	1,882	7,536	74,561	19,316
1960	154	183	47	3,332	10,657	26,780	22,211

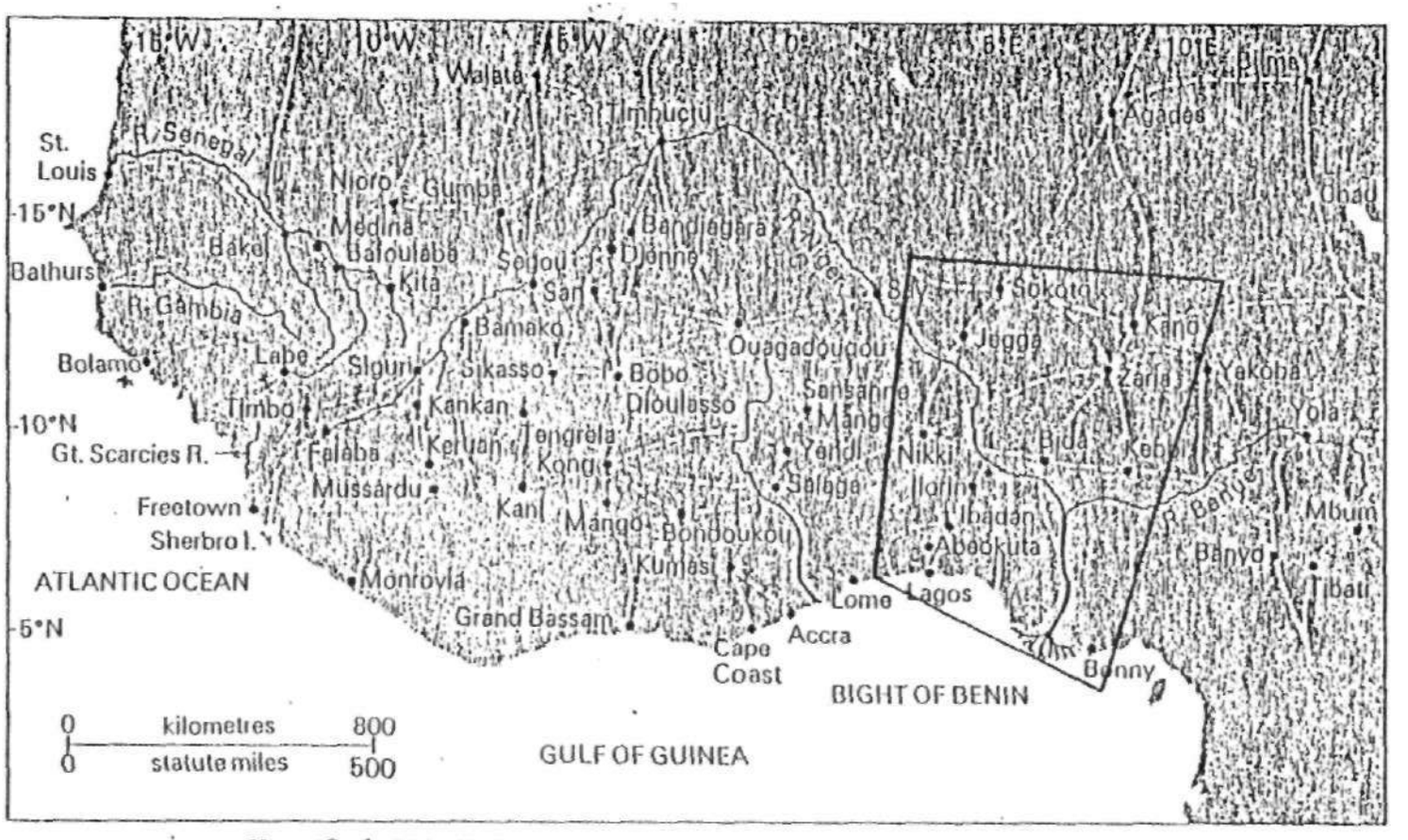
Source: Annual Abstract of Statistics, 1963

market in West Africa by the 19th Century.[17] The South, on the other hand, traded with Europe, for over two centuries, participating first in the slave trade, and following its abolition, in palm produce, and later, cocoa.[18] Internally, the image of Nigeria as a collection of communities, essentially insulated from one another and from the rest of the world prior to the arrival of the European, is not supported by empirical evidence. On the contrary, there is documented evidence showing that in spite of the difficulties imposed by dense vegetation and difficult terrain, especially in the South, there existed internal trade carried on through trade routes that extended beyond what we know as Nigeria today, as Map 1 below shows. Exchange, division of labor and, indeed, the use of monetary standard were well established in many parts of the country. A system of towns and cities with a network of roads and footpaths characterized these

---

[17]For a comprehensive survey of the trans-Atlantic and trans-Saharan trade in West Africa, see Hopkins, op. cit., pp. 78-116. Carl K. Eicher and Carl Liedholm, eds. Growth and Development of the Nigerian Economy (Michigan State University Press, 1970), p. 1. For a detailed discussion of Nigeria's pre-colonial foreign contacts, see R. Olufemi Ekudare, An Economic History of Nigeria 1860-1960 (New York: Africana Publishing Company, 1913), pp. 21-36.

[18]Michael Crowder, A Short History of Nigeria (New York: Frederick A. Praeger, 1966), ch. 10. For a comprehensive treatment of Nigerian trading activities in the Niger Delta, see Kenneth O. Dike, Trade and Politics in the Niger Delta 1830-1885 (Oxford: Oxford University Press, 1956), p.



Map 2.1 Major Trade Routes of the Western Sudan in the Nineteenth Century.

Key: ☐ Approximate land area of Nigeria

Source: A.G.Hopkins, An Economic History of West Africa (New York, Columbia University Press, 1973) p.59

internal economic exchange system.[19] As one historian points out:

> The study of Nigerian history is not essentially an inquiry into the past of a conglomeration of peoples, whose associations with one another are purely "artificial," the product of the colonial epoch. . . It will be clear that a variety of links existed between the various states and peoples which were the predecessors of modern Nigeria . . . These relationships sometimes took the form of war and enslavement. But they expressed themselves also through diplomacy, treaties, the visits of wandering scholars, the diffusion of political and religious ideas, the borrowing of techniques, and above all, trade. These passages are full of references to the impact of Ife on Benin, of Benin on Iboland, of Ibo society on the Delta States of the Hausa peoples on Yorubaland, of Kanem-Bornu on the Hausa system.[20]

In his study of West Africa under colonial rule, Hopkins came to the same conclusion:

> The concept of a subsistence economy (in Africa) needs to be modified substantially to take account of the fact that exchange was widespread, that the organization of trade and markets was both complex and efficient . . . that a general purpose currency and embryonic capital market had evolved at an early date . . .[21]

---

[19]Akin L. Mabonje, "Urbanization in Nigeria - A Constraint on Economic Development" in Economic Development and Cultural Change, vol. xiii, no. 4, par. 1 (July, 1965), pp. 413-419; and A.E. Afigo, "Pre-Colonial Trade Links between Southeastern Nigeria and the Benue Valley" in Journal of African Studies, 4, 2 (Summer, 1977), p.

[20]Thomas Hodgkin, Nigerian Perspectives: A Historical Anthology (London: Oxford University Press, 1960), p. 10.

[21]A.G. Hopkins, An Economic History of West Africa (New York: Columbia University Press, 1973), p. 51.

In spite of this, however, one can talk of a "Nigerian economy" only after the effective centralization of power in 1914 and the subsequent integration of the basically agricultural economy. It was after the unification of the two climatically and culturally distinct regions, and the extension of infractructural facilities, especially the railway, which for many years was the principal means of transporting export crops from the north to the seaport of Lagos, that the process of integration into the world economy gathered momentum.[22] What happened after that provided the structural foundation of the foreign economic policy of post-independent Nigeria.

Between 1900 and 1929, great strides were taken in the development of the Nigerian economy. Using some major indicators of growth - the development of the infrastructure, expansion of peasant agriculture, introduction of modern money economy, and the expansion of foreign trade - the spectacular growth rates recorded during this first phase of the consolidation of colonial rule merits a closer examination, as they provided the foundation for the post-colonial economy. Furthermore, it is little more than a truism, to say that any analysis of the post-colonial economy must take cognizance of "how British colonial policy shaped legal, educational and political institutions, as well as international

---

[22]For a detailed discussion of the expansion of transport and communication, see Ekundare, op. cit., pp. 127-155.

trading links . . ."[23]

TRANSPORT AND COMMUNICATIONS

Development of any kind can take place only when there is an efficient transport and communications system. Neither can colonial exploitation take place without them. It is not surprising, therefore, that the colonial administration concentrated its attention, from the onset, on the establishment of a network of roads, railroads and waterways to facilitate the movement of goods from the hinterland to the coast. Palm oil, palm kernels, rubber and cocoa were produced in Southern Nigeria, and some of the main producing centers were upwards of 200 miles from the coastal ports. The north produced ground nuts, cotton, benniseed, hides and skins, and the distances ranged from 400 to 600 miles. Tin deposits on the Plateau, long exploited by Nigerians using traditional methods, were being exploited by British corporate interests as well, and the ore from both modes of production needed to be transported to the coast. Port Harcourt, the nearest port, is roughly 550 miles from Jos, the mining center. The cycle of production can be completed only when the product has been effectively marketed to reach the consumers, and this requires an efficient transport system.[24]

---

[23]Carl K. Eicher and Carl Liedholm, eds. op. cit., p. 1.

[24]The discussion of the various indicators of growth as they expanded during this period is based on Ekundare's historical sketch. See Ekundare, op. cit., parts 2 and 3.

River transport received early attention ostensibly because it was easier and cheaper to develop. Since most Nigerian rivers share some common characteristics, such as falls, swift currents, rocks and rapids, bars and shifting sandbanks, numerous tributaries, often dry broad beds and great variations in volume, the government introduced various schemes to clear snags on the waterways. Rivers were, where necessary, deepened and widened; regular dredging of some were undertaken; in some cases explosives were used to clear obstructions. Thus, from 1905 to the beginnings of the first World War, the main rivers and most tributaries were kept open for navigation. It was not until 1925, however, that determined efforts were made to clear the Niger and Imo Rivers. An attempt to improve navigation around the Bussa rapids in 1928 was abandoned in 1931 for lack of funds. By and large, however, river transportation provided an important, and until 1912, the only link of significance between the North and the South.[25] Not only did it facilitate the movement of goods for export, it also opened up areas that would have remained insulated from the mainstream of economic, social and political activities that were soon to begin under colonial rule. Furthermore, the introduction of merchant marine services by the government provided a cheaper means of transportation both for goods and persons,

---

[25]For an evaluation of the impact of the Rivers Niger and Benue on the evolution of the Nigerian economy, see S.I. Edokpayi, "The Niger and the Benue in Nigeria's Economy: Past, Present and Future", in The Nigerian Journal of Economic and Social Studies, 3, 1 (Nov. 1961), pp. 68-77.

thus breaking the monopolistic as well as the monopsonistic control hitherto held by the European trading firms.

By far, the most revolutionary communications network to be introduced by the colonial regime was the railway. However, it was not the economic value of the railway that persuaded the British government to proceed with its construction, as the following comment in the British Handbook of Railways in Africa clearly states:

> Although the reasons for the construction of the railways have been primarily economic, other factors such as strategic and military considerations undoubtedly influenced the project. It was sufficiently apparent that a railway traversing the country between Lagos and the Niger would strengthen considerably the British position both from the military and economic points of view.[26]

After turning down a number of offers by private firms and individuals to construct the rail system, the colonial government authorized the construction, in 1895, of the first rail line between Lagos and Otta (20 miles), even though actual construction was delayed until 1898. By 1899 sixty miles of railway between Lagos and Ibadan had been opened to traffic, and in 1901 the line reached Ibadan itself. Simultaneously responding to Lord Lugard's pressure for the extension of the railway to the North, the British government approved the construction of some internal lines in the Northern

---

[26]Quoted in Ekundare, op. cit., p. 74.

provinces. The first of these was between Zungeru and Kaduna (1901-1907) linking the seat of the Northern government at Zungeru with the river Kaduna to facilitate the transportation of goods and passengers via the Niger to the coast.

Work started on the Jebba-Baro (on the Niger) - Kano line in 1907 and on January 1, 1912 the through route from Lagos to Kano was officially opened. The Bauchi Light Railway, authorized in 1911, was completed as far as Bukuru on the Jos plateau, thus linking the tin-producing areas of the North with the South.[27]

The discovery of coal at Enugu in Eastern Nigeria in 1909 encouraged the colonial government to explore the possibility of an Eastern line. By 1913 work had begun on an ambitious and expensive rail system stretching through Eastern Nigeria to join the existing Western system in the North with Port Harcourt as the terminus. By 1926 the two systems were joined at Kaduna, thus completing the most decisive instrument of integrating the three regional blocs into a single economic unit. The stupendous impact of the railway on the process of socio-economic integration of the country can be gleaned from Table 2.2 even though it was not until the mid-twenties that full economic and social impact was felt in many parts of the country. As the table showg the

---

[27] Ibid., p. 135.

Table 2.2 Nigerian Railway Mileage, Goods and Passenger Traffic, 1924-39

	Mileage opened to Traffic	Total No. of Passengers carried('000)	Total Tonnage Hauled ('000)
1924 - 25	1,220	1,923	560
1925-26	1,265	2,413	677
1926-27	1,265	2,621	948
1927-28	1,265	2,831	1,002
1928-29	1,265	3,162	958
1929-30	1,265	3,851	930
1930-31	1,265	3,663	762
1931-32	1,830	2,481	667
1932-33	1,830	2,378	646
1933-34	1,830	5,179	627
1934-35	1,900	5,080	661
1935-36	1,900	7,939	709
1936-37	1,900	8,426	1,162
1937-38	1,903	7,357	1,201
1938-39	1903	6,707	955

Sources: Nigerian Railway and Udi Coalmines: Administrative Reports, 1925-38, Lagos Government Press, and Digest of Statistics, Vol. 8, No. 3 (July, 1959) Lagos, Government Printer.

number of passengers who travelled on the railways increased from 1,923,000 in 1924-1925 to 8,426,000 in 1936-1937 and the tonnage hauled increased from 560,000 in 1924-1925 to 1,162,000 in 1936-1937, notwithstanding the depression. Not only did the railway accelerate the exchange of goods, but it also promoted greater mobility of people and hence began the process of social communication that is so critical in the development of nationalism.[28] By accelerating the urbanization process, the economic significance of the railway was soon to be drowned in the vortex of nationalistic upheavals of the forties and fifties which finally terminated colonial rule.

Road transportation, though initiated earlier than the railway, did not receive much attention except in areas in the interior bordering the coastal ports. It was the need to build feeder roads for the newly-constructed rail lines which provided the momentum for road construction. Feeder roads were to provide enough passenger and cargo traffic for the railway; hence, their progress followed closely the construction of the rail line. The introduction of motor vehicles into the country between 1907 and 1909, also created

---

[28]For a theoretical exploration of the relationship between nationalism and social communication, see W. Deutsch, Nationalism and Social Communication (Cambridge, Mass.: MIT Press, 1966), esp. ch. 2. For the impact of these developments on Nigerial Nationalism, see James S. Coleman, Nigeria, Background to Nationalism (Berkeley: University of California Press, 1958), esp. p. 63-166.

new demands for the development of road transport.[29] By 1926, the government was responsible for almost 3,000 miles of roads which were maintained by the Department of Public Works.[30] By 1960, these had increased to 41,065 miles.

Air services were introduced to complete the communications cycle. In October 1931, a seaplane arrived in the country from England in an effort to establish commercial flying in West Africa. It conducted exhibition flights and made visits to Port Harcourt, Calabar (in Eastern Nigeria) and some stations in the Niger Delta. Shortly thereafter, the colonial government invited a small party of civil engineers from Britain to plan a chain of landing grounds between Kano and Lagos, the result of which was the establishment of landing grounds at Bauchi, Ilorin Jos, Kaduna, Kano, Katsina, Maiduguri,Minna, Yola and, of course, Lagos. In 1935, six "all seasons" aerodromes were constructed and fully equipped at Lagos, Oshogbo, Minna, Kano and Maiduguri.

In the same year the Imperial Airways started airmail services between the U.K. and West Africa, and in 1936 a weekly air service was established between Khartoum (the capital of Soudan) and Lagos. The war forced the development of air transport services mainly for military reasons. Additional landing grounds were established while the runways of the existing ones were lengthened consider-

---

[29] 1,200 motor vehicles were imported between 1908 and 1909. Ekundare, op. cit., p. 143, footnote 1.

[30] Ibid., p. 145.

ably to take military aircrafts. By 1947 the West African Airways Corporation was formed to operate air services between and within West African colonies of Ghana, Nigeria, Sierra Leone and Gambia. By the end of that year, the main population centers had been connected by air service. This, together with advances in the postal, telephone and telegraphic services completed the communications revolution in Nigeria, facilitating the evolution of what is today the largest single economy on the continent.

AGRICULTURE, MONEY, BANKING, AND FOREIGN TRADE

A major characteristic of a monetized economy is, according to Marx, the transition from production for consumption to production for exchange. It is this process of commodification that constitutes the distinctive characteristic of the capitalist mode of production.[31] With respect to Nigeria in particular, and other less developed areas of the world, this transition signalled the incorporation of the new "economy" into the capitalist world economy, and ominously, its consequent marginalization within that system. But what for Marxists is the process of the peripheralization of Nigeria within global capitalism, is for most Nigerians the beginnings of its emergence as a powerful nation with probably the most resilient economy in the region.

---

[31]For an elaboration of this point, see Paul M. Sweezy, The Theory of Capitalist Development, (New York: Monthly Review Press, 1942), esp. part I.

As one student of the economic history of Nigeria points out, "the true significance of the economic development of Nigeria lies in the growth of the cash economy which had its foundation in the development of agricultural export products . . ."[32] By far the most important impact of the introduction of the railway and other means of communications and transport was to accelerate the monetization of the new economic colossus, thus transforming it from an economy of exchange by barter to a monetized economy. And with the introduction of paper money in 1907, the appeals of commodity exchange spread like bushfire and production for exchange received its most important boost so far. The significance of this new mode of exchange is very well captured by Coleman. Disputing the claim that western economic ideas were imposed on an unwilling people, he notes, quite correctly,

> . . . Western economic forces and ideas have not been imposed upon unwilling and protesting peoples. There were instances at first of a strong and instinctive resistances to new ideas and techniques but once they were found useful, the ordinary African (Nigerian) accepted them with alacrity. The utility, attractiveness and prestige-giving of imported European goods served as a powerful stimulus. When illiterate African laborers who had been press-ganged into building the railroads found themselves paid in a new medium which would buy these highly-prized goods, they were converted.[33] (Emphasis mine)

---

[32] James S. Coleman, op. cit., p. 63.

[33] James S. Coleman, op. cit., p. 63.

Indeed, it was not only the "illiterate laborers" but much more importantly for the colonial economy, the peasant farmer whose new role was to produce for the world market, who badly needed to be converted. And their conversion fulfilled a vital need in what Wallerstein calls the "second phase of Africa's incorporation into the capitalist world-economy," which was "to create sufficient cash crops to meet world needs as defined at this stage and to sustain the political administrative costs that European powers had forced on each other."[34]

For there is no gainsaying the fact that the colonial government operated in a double context: it reflected the economic needs of the various economic groups as mediated through political pressures on the government (both locally and in the metropole) but as a substructure they had their own immediate interests to advance. Strikingly, the larger needs of metropolitan economic institutions for expanded cash-crop production coincided with the administrative needs of the colonial administrators. Export production provided a tax base sufficient to cover the costs of administration, while at the same time providing an ideological reinforcement for colonial rule. It was rationalized as part of the "civilizing" process as well as a legitimate alternative to the

---

[34]Immanuel Wallerstein, "The Three Stages of African Involvement in the World Economy" in Peter C.W. Gutkind and Immanuel Wallerstein, ed. The Political Economy of Contemporary Africa (Beverly Hills, Sage Publication, 1976), p. 44.

slave trade which had been outlawed. In addition, prudential logic played its own role in stimulating the production of export crops. As Barber notes:

> Mixed with these factors was a consideration of prudence. The pax in Africa, it was widely believed, depended on the provisions of opportunities for Africans to earn money incomes. Otherwise, idleness among African men might well breed mischief and thereby expensive threats to the new order.[35]

Thus, with the introduction of the railways and the extension of the road system into the interior, the stage was set for an exchange economy in which Nigerians were to become producers of raw materials for exchange at the international level, mediated by the large European firms that dominated this sphere until independence. In the North the peasants responded to monetary incentives and engaged in large-scale production of cotton and groundnuts (peanuts). In the South large-scale rubber, timber, cocoa and oil palm plantations were established. And the colonial regime encouraged this trend further by establishing a number of agricultural production stations.

For instance, between 1912 and 1916, it developed the Moor plantation at Ibadan as an agricultural experimental station. Similar stations were established in Zaria (in the North), Umahia (in the East) and Benin (in the West) in 1923, with the Vom (North) station added in 1925. In 1927 a school

---

[35]W.J. Barber, "The Movement of the World Economy" in M.J. Herskovitz and M. Harwitz, eds. Economic Transition in Africa (Evanston, Ill.: Northwestern University Press, 1964), p. 301.

of agriculture was established in Ibadan, while the Zaria school of agriculture and Veterinary School in Kano followed in 1934. The Colonial Development and Welfare Fund provided the funds for the establishment of the Veterinary School at Vom in the Northern Plateau.[36]

These institutions performed some vital functions in breaking down pockets of resistance to the efforts of the European trading companies and the colonial government to expand agricultural production. First, the plantations and the agricultural stations provided the basic agricultural research centers for the country. Secondly, the agricultural institutions provided training for many Nigerians who later staffed the government ministries of Agriculture to oversee government agricultural projects as well as liase between the farmers and the government. Finally, the institutions served as a means of encouraging farmers to improve their techniques of production by disseminating new ideas to those who were prepared to adopt them. Agricultural shows were organized to make farming more attractive and competitive.

At some stages the colonial administration went to considerable lengths to respond to the metropolitan need for these crops by encouraging mechanization through the hiring of men to clear designated lands, building villages near them for settlement by the men, but this generated consider-

---

[36]Ekundare, op. cit., p. 160.

able resentment among those drafted into the scheme. Less than 200 settlers were ever recruited, most of them reluctantly. Baldwin's account of one such effort is instructive:

> The settlers were told where to live, in houses they did not like; where to farm, on land selected by European strangers and not from local experience; what to plant and frequently with seed which they did not regard as good, and when to plant, on dates which were late owing to the ridging not being finished. They found themselves in trouble if they went away to see their families or to attend some festival. Some found themselves farming on worse land or farther away than others owing to the allocations made. One local Nupe remarked bitterly about all this that "it is better to die of hunger than to be a slave."[37]

Finally, the development of the banking system in Nigeria completed the picture of the evolution of the Nigerian economy. From about 1900 when two commercial banks were functioning in Nigeria to 1933 when a number of indigenous banks had already been established in response to the discriminatory practices of European banks, the foundation of the financial institutions in the country were laid. The most important point is that until after independence, indeed until the Nigerian Enterprises Promotion decree of 1972, foreign banks dominated the financial landscape of the economy, completing the triad of dominance: the European trading firms controlling external trade, the British banks controlling the capital market and the colonial state providing the overarching

---

[37] D.S. Baldwin. The Niger Agricultural Project (Oxford: Blackwell Press, 1957), pp. 159-160.

political apparatus to guarantee their protection.[38] Thus, through systematic taxation, a common currency, the desire for foreign goods, the opportunity to pursue the profit motive and the support, or at a minimum, the tolerance of the colonial government, a decisive shift from an almost wholly subsistence economy to a predominantly money economy had taken place. By 1948, approximately 43 percent of the adult male population of the country was actively involved in the cash nexus.[39] Professor Helleiner sums these developments up very beautifully:

> During these thirty years, Nigeria outgrew its original status as a collection, accidentally enclosed within artificial foreign-made boundaries, of small, "traditional", largely self-sufficient agricultural communities, possessing a few, relatively insignificant trading links with North Africa and Europe; though still far from an effective national unit, it now emerges as a group of much larger regional economies, each increasingly tying itself to the world economy.[40]

These developments notwithstanding, it must be emphasized here that contrary to the claims by some scholars of the "Primitive Africa" school of thought, colonialism did not create modern Nigeria out of the chaos of primitive communalism. Indeed, one cannot agree more with Hopkins on this when

---

[38] See Coleman, op. cit., p. 80.

[39] Ibid., p. 66.

[40] Gerald K. Helleiner, Peasant Agriculture, Government and Economic Growth in Nigeria (Homewood, Ill.: Richard D. Irwin, Inc., 1966), p. 6.

he insists that:

> Colonial rule did not create modernity out of backwardness by suddenly disrupting a traditional state of low-level equilibrium. On the contrary, the nature and pace of economic development in the early colonial period can be understood only when it is realized that the main function of the new ruler was to give impetus to a process which was already under way. An economic structure based on peasant export production and offering the prospect of a mass market had begun to emerge early in the Nineteenth Century . . . By creating the conditions which gave the Europeans and Africans both the means and incentive to expand and diversify legitimate commerce, colonial rule completed the integration of West Africa into the economy of the industrial world . . . The expatriate role did not expand beyond this general function of connecting West Africa to international markets.[41]

Nevertheless, one cannot escape the basic fact that European imperialist adventures resulted in the creation of Nigeria by the British, as it did Ivory Coast by the French.

POST-WAR DEVELOPMENTS: 1945-1960

If the period between 1900 and 1945 constitutes the period of "creation" and consolidation of the Nigerian economy, the quarter century before independence in 1960 constitutes the period of establishing the structural foundations of foreign economic policy. For as a result of internal political developments as well as the external environment which set in motion the nationalist forces that culminated

---

[41]Hopkins, op. cit., p. 235.

in the transition from "empire to nation,"[42] the colonial administration took a series of steps to prepare the colony for what appeared at the time to be an inevitable termination of formal colonial rule. One of these - the most decisive for our analysis - was the decision to reinforce the structures of an open economy which were created in the early stages of colonial rule.

As open economy, the Nigerian economy has the following structural features: export of a limited range of agricultural and mineral products in exchange for a variety of manufactures, especially consumer goods; the domination by foreign interests of the most important sectors of the economy; considerable influence by the major industrial powers, whose multi-nationals control those sectors, on economic policy, and finally a monetary system which is more or less an appendage of the British monetary system, while the banking system responded mainly to the financial needs of the expatriate firms. Nigeria's was an open economy par excellence.[43]

Even though a formal declaration had very little practical effect - for all along government policy, indeed, its raison d'etre, was to maximize exports as well as imports,

---

[42]For an illumination of these factors, see Rupert Emerson, From Empire to Nation: The Rise to Self-Assertion of the Asian and African Peoples (Boston: Beacon Press, 1962), pp. 3-85.

[43]For a detailed account of the evolution of the open economy in West Africa, see Hopkins, op. cit., pp. 168-186. On Nigeria as an open economy par excellence, see Peter Kilby, Industrialization in an Open Economy - 1945-1960 (Cambridge: Cambridge University Press, 1969), pp. 7-25.

which was left to free enterprise competition and which was overwhelmingly in European hands - it was nevertheless felt necessary to make such a statement, perhaps, to reassure the European business groups that post-colonial administrations in Nigeria would continue the policy started by their predecessors. Thus in 1945, the then governor, Sir Arthur Richards (later Lord Milverton), states:

> It is the policy of this government to work with Africans and with "big business" in a tripartite partnership for the good of the people . . . Within the framework of government regulation, private enterprise has a great contribution to make to the future welfare of Nigeria.[44]

Following this announcement, a number of measures were taken to reinforce the institutional setting for the post-independence political economy. The most important of these were the various incentives introduced to attract foreign capital. As Basil Davison points out in the remark referred to earlier, the British were anxious to establish a favorable climate of investment to establish political as well as economic structures to insure that British capital would find a hospitable environment.

The first step towards this was to invite the World Bank to prepare a study on the prospects for the economic development of Nigeria. Of course, by now the basic structure of the economy was decidedly capitalist, because laissez-faire economics provided the theoretical outlook for the colonial

---

[44] Legislative Council Debates, Nigeria (Lagos, March 5, 1945), p. 38.

administrators. And although by 1947 agitational politics was gathering storms, Nigerians were excluded from all central and regional decision making.[45] It is to be expected, therefore, that since the primary purpose of colonialism was to provide the metropole with easy and cheap access to raw materials as well as market for its finished goods, the Nigerian economy would be geared towards the continuation of this role, even if in a modified form. However, given the nationalist mood that was likely to prevail in the country for some time after independence, the British were careful to evolve a last phase of colonial rule that reflected the concerns of their successor elites. Hence, the preparation of Nigeria's first development plan under colonial rule; a ten-year plan covering the decade 1946-1956 which focused more on expanding government services than on planning allocation of resources according to the economic criteria of growth-inducing projects. It was to reinforce the perception of "preparing" Nigerians for independence that the World Bank was invited to conduct a comprehensive study of the prospect for economic development in Nigeria.

The main conclusion of the report that is of relevance to this study is the Mission's recommendation of an open, free enterprise economy, a recommendation that was consistent with the colonial government's earlier economic policies, and

---

[45]James O'Connel. "The Political Class and Economic Growth" - The Nigerian Journal of Economic and Social Studies. vol. 8, no. 1, (March 1966), p. 130.

which became the guiding post for Nigerian leaders after independence. In a chapter entitled "The Conditions of Nigerian Progress," it says:

> In Nigeria, as in any other country with institutions relying on private enterprise and initiative, the government's role in economic development is essentially one of providing the basic services for, and giving encouragement and support to private endeavor. Government can assist economic growth by providing such communal facilities as roads, education and training, technical guidance and research which are prerequisites for private business operations. In circumstances common to most underdeveloped countries, it may have to supplement the financial resources of the private sector of the economy with facilities for long-term credit and equity financing . . . and perhaps, most important of all, it can adopt policies permitting the free development of private initiative and private capital formation.[46]

As a follow-up to Governor Richard's policy statement, the Aid to Pioneer Industries Ordinance was passed in 1952 confirming the government's commitment to a free enterprise economy in a post-independent Nigeria.[47] It was aimed at attracting foreign capital, since there was very little indigenous capital. Under its provision, any business undertaking which was a public limited company registered in Ni-

---

[46]"The International Bank for Reconstruction and Development", The Economic Development of Nigeria (Baltimore: The Johns Hopkins Press, 1955), p. 27.

[47]For a detailed discussion of incentives to foreign investors, see R.O. Ekundare, "The Political Economy of Foreign Private Investment in Nigeria" in Journal of Modern African Studies, 10, 1 (1972), pp. 37-56.

geria and which satisfied the principal requirement that the enterprise was favorable to Nigeria and thus in its interest to assist was eligible to be declared a pioneer industry and granted a Pioneer Industry Certificate. Such an enterprise was then relieved from the payment of company tax during the first two years of operation, or for a further one or three years where fixed capital expenditure had not been less than ₦ 15,000 or ₦ 100,000 respectively.[48] In the same year, the Income Tax (Amendment) Ordinance was passed, allowing both public and private companies to write off from profits, for purposes of computing taxable income, large sums of their capital investment in fixed assets during the early years of trading, enabling them to amortize their capital quickly and to build up liquid reserves early. This in turn made further investment easier. In 1958, the Industrial Development (Income Tax Relief) superceded the aid to Pioneer Industries Ordinance, broadly similar, but extending the period over which tax holidays could be taken. Furthermore, it liberalized the procedure granting pioneer certificates.[49]

Constitutional changes in 1954 had their impact on the

---

[48]"₦" is the symbol for the old Nigerian currency, the pound. A Nigerian pound at the time of change to decimal was equivalent to 2 naira (the new currency). A naira is currently (Nov. 1979) equivalent to U.S. $1.71.

[49]Although only four pioneer certificates were granted between 1952 and 1957, seven were issued in 1958 alone.

evolving economic environment.[50] With the regionalization of politics came the localization of industrial development, each region becoming responsible for industrial development within its own territory.[51] However, to insure that industrial development did not follow a haphazard pattern, but took place within the framework of a national economic policy, a National Economic Council was established in 1955. This was to be followed in 1956 by a joint policy statement issued by the four governments (3 regional and the federal), under the title "Opportunities for Overseas Investments in the Federation of Nigeria,"[52] stating that "the governments of the Federation of Nigeria . . . recognize that Nigeria will, for many years to come, need outside capital and managerial and technological skills if her resources are to be developed to the extent which the governments and the people

---

[50]Most commentators regard 1954 as the decisive year in the evolution of federalism. The McPherson Constitution, the third in the search for a viable political structure, tilted the balance from unitarism to federalism. The federal logic was further consolidated in 1976 when the military government redivided the 12-state structure into a 19-state structure. For detailed discussion of Nigeria's constitutional evolution, see Oluwole Idowu Odumosu, The Nigerian Constitution: History and Development (London: Sweet and Maxwell, 1963). For an account of the latest exercise in state creation, see A.D. Yahaya, "The Creation of States" in Keith Panter-Brick, ed. Soldiers and Oil: The Transformation of Nigeria (London: Frank Cass, 1978), pp. 201-223.

[51]Industrial development and scientific and industrial research were among items in the concurrent legislative list of the McPherson Constitution.

[52]For a full text, see Nigerian National Economic Council, Economic Survey of Nigeria (1959), Appendix viii b.

of Nigeria desire."[53] In 1957, another inducement for industrial development was introduced by the Industrial Development (Import Duties Relief) Ordinance. This ordinance authorized the repayment of part or all of any duty paid on imported raw, semi-processed or processed materials used in the manufacture or processing of goods or in the provision of services. The cost of these concessions were born by the federal government, regardless of the location of the enterprises.

In 1958, the Customs Duties (Dumped and Subsidized Goods) Ordinance was passed. It permitted, when necessary, the imposition of a special duty on any goods which were being dumped in Nigeria, or were subsidized by any government or authority outside Nigeria. The criterion for the exercise of this power was the evidence that material injury was threatened or caused by the entry of such goods to a potential or established industry in Nigeria, and that Nigeria's obligation under the General Agreement on Tariffs and Trade (GATT) would not be compromised.[54] In the same year the government enacted the Customs (Drawback) Regulation, under which importers could claim repayment of import duty in full,

---

[53]Quoted in S.A. Aluko, "Financing Economic Development in Nigeria" in The Nigerian Journal of Economic and Social Studies, 3, 1 (Nov. 1961), p. 40.

[54]Ekundare, op. cit., p. 297.

on goods exported in the same state as that in which they were imported, and on materials imported for use in the manufacture of educational goods, if such goods were supplied to recognized educational establishments.

Finally, in 1959, just a year before formal independence, the Commonwealth Development Finance Company was invited by the Nigerian government in consultation with leading Nigerian and British business interests to establish the Investment Company of Nigeria. It was to assist enterprises engaged in industrial production, commerce, agriculture and the exploitation of natural resources by providing finance for their development, modernization or expansion. It was, in addition to this function, to attract supplementary foreign investment capital to private enterprise, seek technical and managerial expertise, attract indigenous investment and actively encourage the growth of a local stocks and shares market. The company started with an authorized capital of 5 million pounds of which 1 million pounds shares were issued and fully subscribed by American, British, Canadian, Dutch, French and Swiss companies and corporations.[55]

Thus by 1960, the structural as well as the ideological foundation for the external orientation of an independent Nigeria had been consolidated. The World Bank report, reinforced, no doubt, by the prevailing economic theories to

---

[55] Ibid.

which most of the early generation of Nigerian economists were exposed, played a decisive role in the ideological orientation of Nigeria's economic development. As Segun Osoba rightly observed, the World Bank report

> became the infallible authority on the basis of which succeeding Nigerian governments and their planning experts came to cling to the . . . idea that foreign enterprise had a more decisive role to play in Nigeria's development strategy than public and private enterprise put together . . . Consequently, the general orientation of development planning in Nigeria . . . centered on the wisdom to leave the high points of the economy in the hands of private, preeminently foreign, investors. State ownership should not go beyond the existing public utilities.[56]

That the economy was a virtual haven for foreign (mainly British) companies and corporations needs no further emphasis. The extent of foreign control will be examined in the next chapter. Suffice it to say here that by the time of independence in 1960, the structural features of the economy which were to serve as the catalyst for economic nationalism and hence a reversal (at least on the surface) of the policy of the "open economy" as a principle of economic development through foreign investment, were firmly entrenched. The Marxian paradox of freedom "under conditions given and transmitted from the past" was to find concrete expression in the Nigerian situation.

---

[56]S. Osoba. "Ideology and Planning for National Economic Development: 1946-1972" in M. Tukur, ed. In Search of a New Political Community: The Nigerian Case. Report of a conference held at the Institute of Administration, Ahmadu Bello University, Zaria (November, 1972), pp. 88-113.

To sum up, I have argued in this chapter that a number of factors predisposed Nigerian leaders to a pro-British, hence a pro-Western, stance in the early years of independence. The most important of these was the colonial experience, for it was during the terminal phase of British colonialism that the various institutions of the state were created. The fact that independence was won without prolonged revolutionary struggle, such as was the case in Portuguese colonies or Zimbabwe Rhodesia, coupled with the ideological affinity of the leaders to the British ruling class only served to reinforce this disposition. And as a result, a healthy climate of investment was created for British capital in particular and Western capital in general. In the next chapter an attempt is made to identify the specific features of the post-colonial Nigerian economy and the extent of control exercised by foreign capital.

CHAPTER 3

INDEPENDENCE AND AFTER

Structural Characteristics of the Economy

On October 1, 1960, Nigeria was proclaimed independent, ending exactly one hundred years of British political control. But Nigerians were under no illusion that genuine independence requires much more than the hoisting of the flag. Alluding to the national and international problems facing his country, Prime Minister Tafawa Balewa noted in his independence speech that "independence implies a great deal more than self-government."[1] Although the nature and character of the problems were overshadowed by the infectious enthusiasm over independence and all that that implies for those like himself who were to assume the responsibilities hitherto reserved for Europeans, it was obvious that this was the beginning of a protracted journey. To be sure, the disparate and self-contained economies of the 1900's had, by 1950, been knitted into a new African conglomerate, with the potential of becoming a true 'giant in the sun'. As Professor Aboyade, Nigeria's leading economist, notes:

> By the time of independence in 1960, the Nigerian economy appeared to have come a long way from the state of

---

[1] Speech by Sir Abubakar Tafawa Balewa, Prime Minister of Nigeria, on the occasion of the formal transfer of power from Britain to Nigeria: in Sir Alan Burn's History of Nigeria (New York, Harper and Row, 1972) p. 340.

> substantial external trade dependence existing at amalgamation. The former process of political consolidation and the evolution into national sovereignty was now complete. The foundation for translating political to economic independence was now laid. There was a working governmental apparatus for guiding and aiding the economy...With varying degrees of effectiveness, the basic structure for improved economic performance was being placed in position -- public utilities, universities, industrial estates, statistical intelligence, experimental research, banking institutions and social welfare schemes. There was a pervasive atmosphere of national self-confidence, rising expectation, acquisitive zeal and infectious enthusiasm... There was a manifest realization by the leadership that political independence was not entirely an end but also a means. And although the ends were often expressed in vague nationalistic sentiments, some form of . . . economic transformation was seen as an inescapable path to those ends, along which political independence was to be regarded as a steering aid.[2] (my emphasis).

But the fact remained that, structurally, the Nigerian economy exhibited most of the features of a neo-colonial economy, a fact to which neither the political leaders, nor their intellectual proteges in the universities paid little attention. This failure to take into account the constraints imposed by what Susanne Bodenheimer refers to as "the infrastructures of dependency"[3] accounts for the

---

[2] Ojetunji Aboyade, Foundations of an African Economy: A Study of Investment and Growth in Nigeria (New York, Frederick A. Praeger, 1966) p.25.

[3] Susanne Bodenheimer: "Dependence and Imperialism: The Roots of Latin American Underdevelopment" in K.T. Fann and Donald C. Hodges Readings in U. S. Imperialism (Boston Poster Sargent, 1971) p. 162.

pervasive atmosphere of national self-confidence, rising expectation and acquisitive zeal to which Aboyade refers.

Some radical economists, notably, the Guyanese economist, Clive Thomas, have argued that the roots of underdevelopment cannot be found in the various neo-classical theories of economic backwardness. One of these, the over-population theory, seeks " to explain underdevelopment in terms of high population-to-land ratios" in the Third World. According to this theory, the high population-to-land ratios combined with rapid demographic growth and a highly dependent population structure, account for the failure of incomes to grow, poverty to be alleviated, the pressure on resources to be reduced, and employment opportunities to be created in adequate numbers.[4]

Geographical determinism, on the other hand, seeks to explain underdevelopment as a product of the limitations of the physical environment, i.e., in terms of soil, climate and natural resources. Thus, it is argued, the tropical countries are poor because they have debilitating climates, poor soil, and unknown resource endowment. When the constraint of size is added to these deterministic factors it compounds the basic difficulties of underdevelopment.

Determinism is, however, sometimes expressed in cultural terms; in terms, that is, of the nature of the societies that occupy these land spaces. These societies

---

[4]See Clive Thomas, Dependence and Transformation: The Economics of the Transition to Socialism (New York, Monthly Review Press, 1974) Ch. 2.

and their institutions are seen as either primitive or traditional and therefore stagnant, or are characterized as heterogeneous with change encapsulated in the 'modern' sector. Hence theories of "dualism", of the lack of "n" achievement or of the absence of the Protestant ethic to stimulate development are used to explain the persistence of underdevelopment.

The less pessimistic of these theories, however, do combine the implication of a certain 'philosophical' resignation to the 'natural' and enduring nature of poverty, with a certain prescriptive content. These are theories which explain underdevelopment in terms of limiting factors, such as: the general economic and social structure of the underdeveloped countries, the demographic, cultural, political and technological features of the societies, and the external environment which in many ways affect the structures of these societies. Underdevelopment is thus explained in terms of vicious circles of poverty.

Thomas' rejection of the validity of these theories is not unfamiliar to anyone who has read Andre Gunder Frank, and others of the dependency school. Like Frank, Thomas rejects these theories, because they share "a common methodological unity in that they all purport to explain underdevelopment as a phenomenon <u>independent</u> of the historical process. They are therefore fundamentally anti-historical theories explaining underdevelopment in terms of inate characteristics of peoples and their

environments, or in terms of self-perpetuating cycles of povery."[5] Although it is not clear why ahistorical theories cannot be valid, his contention that virtually all post-colonial societies have been founded on economies based on the process of a "dynamic divergence between domestic resources and domestic demand"[6] has empirical validity in the Nigerian situation. The Nigerian economy at independence exhibited all the characteristics of structural dependence, which, according to Thomas,

> consists of the fact that the conjunction of production and productive forces is of such a character that the measure of structural dependence, underdevelopment and the economic backwardness of the process of production which is important above all others is on the one hand, the lack of an organic link, rooted in an indigenous science and technology, between the pattern and growth of domestic resource use and the pattern and growth of domestic demand, and, on the other, the divergence between domestic demand and the needs of the broad mass of the population. (emphasis in the original).

Put differently, structural dependence is the paradoxical condition of an economy in which people produce what they do not consume while they consume what they do not produce. As Thomas further elucidates,

> ...The crucial elements in the functioning of an economic system qua economic system (i.e., the linkages between labor-resources-technology-production-demand-needs) are of such a character and are organized in such a way that these communities

---

[5] Ibid. p. 48.

[6] Ibid. p. 6.

> have internalized, through their social relations of production and the use of productive forces, a pattern of consumption that does not represent the needs of the community and a pattern of production not oriented to either domestic consumption or domestic needs.[7]

Walter Rodney's study of African history lends support to this observation. He contends:

> Europe exported to Africa goods which were already being produced and used in Europe itself -- Dutch linen, Spanish iron, English pewter, Portuguese wines, French brandy, Venetian glass beads, Corman muskets, etc....the overall range of trade goods which left European ports of Hamburg, Copenhagen, and Liverpool was determined almost exclusively by the pattern of production and consumption within Europe. From the beginning, Europe assumed the power to make decisions within the international trading system....Above all European decision-making power was exercised in selecting what Africa should export in accordance with European needs.[8] (my emphasis)

The process by which this divergence between production and consumption was historically created has been documented by economic historians and indirectly alluded to in the account given in chapter 2 of the creation of the Nigerian economy.[9] This process saw the creation of an economy geared to producing raw materials for British industries -- coacoa, palm oil, groundnut (peanut) cotton, coal and

---

[7] Ibid.

[8] Walter Rodney, How Europe Underdeveloped Africa (Dar Es Salaam, Tanzania Publishing House, 1972) p. 86.

[9] For a detailed account of this see Gerald K. Helleiner, Peasant Agriculture, Government, and Economic Growth in Nigeria (Homewood, Ill., Richard D. Irwin, 1966) especially Chs. 2-4 and R. Olufemi Ekundare: An Economic History of Nigeria (New York, African Publications, 1973).

and tin, in exchange for manufactured goods which only a small minority of the population (first the educated, then the business elites) could afford, as Tables 2.1 above and 3. below bear out so clearly. Imported goods, however, did stimulate expanded demand once the economy was monetized and more urbanized elements became 'converted' to the use of these 'alien' products. Indeed, as O'Connell observes, Nigerians were glad to see their leaders acquire goods and perquisites that had once belonged almost exclusively to foreigners, and "communities basked in the vicarious glory of the brick and mortar monuments that were erected in their midst by the sons of the soil."[10]

This was precisely what colonialism set out to do in the first instance. Developing the colony for the colonized peoples was of secondary concern, not more than a tactical response to agitational nationalism. But the type of development instituted could not have been expected to serve the needs of the Nigerians. Thus by independence Nigerians were left with a fait accompli with regards to the neo-colonial structure of their economy. And the clouds of the economic problem which the new nation was soon to face as a result of this were already gathering.

The economy was about ten years behind in its manpower development. In spite of this, neither the institutional framework, nor the national orientation was geared

---

[10] O'Connell, op. cit. p. 134.

Table 3.1 Imports of Selected Consumer Goods

1951-60: Quantities

	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
Beer										
F'000	4289	3662	5090	4767	5675	6560	6160	627	6832	7192
Cement '000 (tons)	261	205	297	368	425	488	510	477	516	626
Corrugated Iron Sheets '000 (tons)	19	25	34	40	44	49	39	29	42	37
Cars '000	3	3	3	4	6	7	7	8	9	14
Commercial Vehicles '000	2	5	4	3	5	8	4	6	6	6

Source: Annual Abstract of Statistics, 1963

to dealing with the problem of structural dependence. Nor was the inherited administrative apparatus prepared for the gargantuan task of restructuring the economy to reflect the nation's domestic needs. Rather it adopted a 'shopping list' approach to development, exhibiting a serious incapacity to handle the real issues of the economy's structural dependence. Aboyade very well describes the state of the Nigerian economy at independence when he notes:

> It may be possible to win political freedom on a platter of gold. But a similar ingenuity cannot be performed on the economic front. By independence, apart from a few superficial institutional manifestations of 'economic independence' -- a Central Bank with a national currency, a Mint, a National Airways and a new facelift to some colonial period Commercial Agreements -- the Nigerian Economy still maintained substantially its colonial structure, in spite of its new political status. Her foreign trade was still heavily oriented towards the major metropolitan power, and was dictated more by historic loyalty than economic rationality.[11]

The extent of foreign (primarily British) domination of the Nigerian economy was less a matter of conjecture than of reality. To quote Aboyade again:

> ...With the direction of trade all ancillary and servicing activities like banking, finance, shipping and insurance fell neatly into line. The bulk of the private productive investment was still in the hands of the metropolitan power and still heavily concentrated in extractive industires and wholesale

---

[11] op. cit. p. 27.

> trading. Nigeria was still basically a trading economy; transport, trade and service still dominated the picture of inter-industry transactions. Above all, there still existed an uncritical acceptance and application of metropolitan thoughts, prejudices, policies and solutions over a wide variety of problems confronting the economy, ranging from engineering specification, design standard and technological training to monetary fiscal policy, planning strategy and international trading relation.[12] (my emphasis)

An examination of the pervasive control of the economy by European firms, companies and multinationals reveals the dilemma facing the Nigerian leaders at Independence.

Nigeria's Gross Domestic Product (GDP) -- a popular economic yardstick for measuring the size of an economy -- stood at ₦1962.6m at factor cost. That was up by 4.5% from the 1959 estimate, as Table 3.2 below shows. Agriculture predominated, as would be expected with a contribution of ₦1098.8 millions (or 56%), Manufacturing Industry with ₦16.8 million and Distribution ₦235.6 million.[13] Since agriculture was exclusively in the hands of the natives, foreign control was limited to the dictation of prices, and even this, the government had brought under control through the marketing boards.[14] This is not the case, however, with regards to the modern sector of the economy

---

[12] Ibid.

[13] Peter B. Clark, Planning Import Substituion (Amsterdam, North-Holland Publishing Co., 1970) p. 39.

[14] See Helleiner op. cit. Ch. 6.

Table 3.2

GROSS DOMESTIC PRODUCT, 1956-1960.
(in constant 1957 prices, f.mil.)

	1956	%	1957	%	1958	%	1959	%	1960	%
Agriculture	468	54	479	52	542	60	526	56	549	56
Livestock	58	7	58	7	52	6	59	6	61	6
Fishing	13	2	13	2	15	2	15	2	15	2
Forest Product	14	2	15	2	10	1	13	1	15	2
Mining & Oil	10	1	9	1	7	.7	7	.7	8	.9
Manufacturing	12	1	13	1	25	3	30	3	36	4
Communications	3	.3	3	.3	3	.3	3	.3	3	.3
Buildg.& Civl. Engineering	37	4	43	5	23	3	32	3	33	3
Ownership of Buildings	10	1	10	1	8	.9	9	.9	9	.9
Transport	65	8	75	8	29	3	32	3	37	4
Crafts	17	1	17	2	20	2	20	2	20	2
Missions	13	2	16	2	18	2	22	2	23	2
Government	29	3	30	3	29	3	36	4	35	4
Marketing Brds.	45	5	12	1	.7	.07	12	1	6	.6
Banking&Insur.	2	.2	3	.3	3	.3	4	.4	4	.4
Domestic Serv.	6	.7	6	.6	4	.4	4	.4	4	.4
Miscellaneous	2	.2	2	.2	2	.2	2	.2	4	.4
Distribution	74	9	107	12	108	12	113	12	117	12
GDP @ Factor	874		910		900		938		981	

Source: Federal Office of Statistics, Economic Indicators, 2,4 (April 1966) p.41 Table 10.1

-- the financial institutions, the manufacturing industries, the mining and petroleum industries, and the distributive trade. These sectors, as hinted at earlier on, were the exclusive preserve of foreigners. For instance, as Table 3.3 shows, of the twelve major banks operating in the country at independence, six were foreign. But that does not tell the whole story. The total assets of the twelve banks as of October 1960 was 238.5 million naira (approximately $381 million). Of this, however, the indigenous share was less than 30 per cent.[15]

On the industrial front the picture was equally dismal. For instance, of a total of ₦258,110,000 industrial investments in Nigeria in 1964, ₦203,262,000 (or 78.8%) were foreign-owned. The pre-eminence of foreign capital of which the British share alone was ₦129.2 million (50.2% of all investments)[16] in virtually every sector of the economy certainly did not augur well for the country, but the seriousness of the problem hardly dawned on the political class at the time of independence. It is in this sense that Aboyade spoke of 'the tragic dilemma that those who fought for political freedom and inherited the state apparatus appeared eminently unsuited to the more chal-

---

[15] See Twenty Years of Central Banking in Nigeria, 1959-79 (Lagos, Research Department, Central Bank of Nigeria, 1979) p. 12.

[16] O. Teriba and N.O. Kayode eds., Industrial Development in Nigeria: Patterns, Proglems and Prospects (Ibadan, Ibadan University Press, 1977) p. 160.

Table 3.3 Banks and their Branches, Sept. 1960

Bank	BRANCHES				
	Lagos	Western Region	Eastern Region	Northern Region	Total
Bank of West Africa	6	20	10	20	56
Barclays Bank	9	12	14	27	62
National Bank of Nig.*	2	22	1	3	28
African Continental Bank*	3	3	7	7	20
British and French Bank	5	1	1	2	9
Agbonmaghe Bank *	2	7	-	1	10
Merchant Bank *	1	1	-	-	2
Muslim Bank *	1	-	-	-	1
Bank of Lagos *	1	-	-	-	1
Bank of the North	-	-	-	3	3
Banque de L'Afrique Occi.	1	-	-	1	2
Berini Bank Ltd	1	-	-	-	1
Total	32	66	33	64	195

Source: Nigerian Handbook of Commerce and Industry, 1960

* Indigenous Banks.

free enterprise, the Nigerian leaders inherited not only an institutional framework that favored foreign private capital, but an ideological environment in which, as Aboyade points out, Nigerians from the academics to the janitors, were disposed to 'an uncritical acceptance and application of ... metropolitan thought'. Thus the late premier of the Northern region, in an address to the regional House Assembly cautioned his colleagues on the absolute necessity of doing everything possible to attract more foreign investment. He declared:

> Honourable members will appreciate that our future prosperity as a region will depend largely upon the confidence which the world at large places in the probity of our institutions and especially the courts and the system of law which they administer. If there is any lack of confidence the result will inevitably be that we shall fail to obtain the foreign capital and investment which we need in order to expand our economy and develop our social services.[19]

The same sentiments were echoed in what was called 'the Sovereignty Budget' speech by the then Federal Minister of Finance -- Chief Festus Okotie-Eboh. In it, the minister minced no words in emphasizing what he regarded as the inescapable reality of Nigeria's dependence on foreign capital:

---

[19] Alhaji Sir Ahmadu Bello, quoted in Paul O. Proehl, Foreign Enterprises in Nigeria: Laws and Policies (Chapel Hill, UNC Press, 1965) p. 3.

> It is an absolutely inescapable fact that capital must ... be imported from overseas. This applies both to public and private investment. However much we can do to apply domestic resources to the development of industries and public services, there is bound to be a gap. One very important way to filling this gap is by ...investment from abroad.[20]

The academic economists, through their writings, also reinforced this faith in foreign private capital. For example, Professor Samuel Aluko, one of Nigeria's leading economists and one time consultant to the federal government, provided the theoretical foundation for the post-independent foreign economic policy when, in an article that became the bible of federal economic planners, he wrote:

> While investment capital may not be the sole determinant of growth or while its volume may not stand in any particular relationship to the rate of growth, if defined to include expenditure on the acquisition of knowledge and the improvement of skill and stock, it is a necessary condition of growth and also sometimes a sufficient condition, and the more investment there is, the more growth there is likely to be.[21] (my emphasis)

---

[20] Hon. Chief F. S. Okotie-Eboh, "The Sovereignty Budget" in Nigerian Trade Journal, 2 (April/June 1961) p. 47.

[21] S.A. Aluko "Financing Economic Development in Nigeria" in The Nigerian Journal of Economic and Social Studies 3, 1 (Nov. 1961) pp. 39-67. The impact of this article on the authors of the First National Development Plan, 1962-68 is unmistakeable. The authors adopted Professor Aluko's prescription for financing the Plan. See Federation of Nigeria: National Development Plan: 1962-68 (Lagos, Federal Ministry of Economic Development, 1962) pp. 321-326.

Thus, through exposure to western economic ideas, the political class as well as the intellectual elite, accepted the theory of economic development through foreign investment and consolidated the free enterprise system created by the British with its implications of foreign domination of the Nigerian economy for a long time after independence.

This endorsement of the free enterprise philosophy was not without a rational explanation. The Nigerian leaders did not accept the necessity of an open economy without calculation of net benefits. First there was the belief that only a free enterprise economy would attract a substantial net flow of capital into the country, also bringing the managerial and entrepreneurial skill so lacking at the time of independence. Secondly, it was assumed that within a reasonable time, local factors of production (most especially capital, entrepreneurship, and management) would replace the imported ones. Implied in this assumption is the belief that it was possible for these local factors of production to grow simultaneously with the expansion of private foreign investment. Finally they assumed that the expansion of foreign private investment would help rather than retard the development of these local factors, an assumption some claim was illusory and which enabled foreign (British) monopoly capital 'to seize the opportunities which these illusions afforded to expand and consolidate

its interests in Nigeria.[22]

Regardless of this judgment, the political class must be presumed to have acted according to the canons of rational behavior, i.e., their embrace of a free enterprise economy may have been historically determined by the institutional as well as ideological environment they inherited, but they did not pursue this policy without a calculus of costs and benefits to the nation.

Foreign Economic Policy: 1960-66

Given these structural and ideological realities, it was not surprising that Nigeria's foreign policy in general, and foreign economic policy in particular, took the form and the direction it did.[23]

To understand Nigeria's foreign policy goals, one must locate these goals within the framework of internalized values inherited from the colonial experience. The principal foci of policy were the international system as a whole, the Commonwealth of Nations, and Africa, representing the three concentric circles of concern. The colonial experience had inculcated in the leaders the belief

---

[22] E.A. Akeredolu-Ale, "Private Foreign Investment and the Underdevelopment of Indigenous Entrepreneurship in Nigeria" in Gavin Williams, op. cit. p. 111.

[23] For a detailed analysis of Nigeria's Foreign Policy during this period, see Gordon J. Idang, Nigeria: Internal Politics and Foreign Policy 1960-66 (Ibadan University Press, 1973); Claude S. Phillips, Jr. The Development of Nigerian Foreign Policy (Evanston, Northwestern University Press, 1964); and Ibrahim Agboola Gambari: The Domestic Politics of Major Foreign Policy Issues in Nigeria, Ph.D. Dissertation, Columbia University, 1974.

that peaceful resolution of conflicts whatever the injustices involved in a situation, is preferable to violent confrontation. This is evident in the various pre and post-independent policy statements referred to in Chapter 2 and Nigeria's voting pattern in the UN on issues relating to these circles of concern. Nigeria's march to independence was, in their judgment, an eloquent testimony to this viewpoint. Global peace, law and order were thus perceived as the first priorities for Nigeria emerging, as it did, at a time when the West and the East were poised for what could be a cataclysmic exchange of deadly weapons. Nigerian leaders saw their country's role as that of defusing the conflict rather than infusing it with new demands on the international system. They, therefore, espoused principles of national behavior consistent with this posture. At the international level, as we noted in Chapter 3, Nigeria would seek to reconcile the warring parties, i.e., East and West by adopting non-alignment as the guiding behavioral principle. At the second level of her interaction -- the Commonwealth -- she would work for racial harmony in that multi-racial association and thus show the world that cooperation is possible even at the global level. And at the regional level, she would commit herself

to decolonization and inter-African fraternal relations. In opposition to Ghana's pursuit of a revolutionary overthrow of the norms of international behavior on the continent, the Nigerian leaders espoused the principle of evolutionary change. Hence the principles of non-interference in the internal affairs of sovereign nations, friendship with all nations that desired and reciprocated her gestures, the principle of the inviolability of territorial boundaries, especially in Africa, and the principle of self-determination, national independence and majority rule with regards to territories still under colonial rule, all of which Nigeria's Prime Minister had repeatedly emphasized in his public statements.[23] Nigeria's position on these issues is well summed up in the following passage:

> It (Nigerian foreign policy) stressed national interest (as perceived by the leaders) world peace, friendship and cooperation because it genuinely believed that these were necessary for an emergent state. It adopted nonalignment because this was the only viable policy option before it among the alternatives presented by the cold war alignments. It desired non-intervention in its internal affairs and assured others, especially other African States, that it would not interfere in their internal affairs. It demanded unimpeded decolonization, emphasizing the basic principles associated with this process, which extolled individual liberty, rule of law, and political sovereignty of the masses of the people. It called

---

[23] See Sam Ekpelle, ed. Nigeria Speaks: Alhaji Sir Abubakar Tafawa Balewa: Speeches Made between 1957 and 1964 (London, Longmans, 1964) Passim.

> for African unity in the conviction that African cooperation would promote understanding, reduce barriers and thus pave the way for discussion and moves towards unity.[24]

This, then, represents, in a nutshell, the thrust of Nigeria's foreign policy in the first five years of her independence. As is common to all human institutions, the gap between theory and practice, between expectations and achievements, was wide. Especially in the area of diplomatic interactions with countries of Eastern Europe, Nigeria implicitly adopted an attitude of minimum contact. And in economic terms this meant continued dependence on the former colonial power in particular and the West in general.

With the benefit of hindsight, it is possible now to periodize the evolution of Nigeria's foreign economic policy from 1945 to the present. This periodization is parallel to the three phases of industrial policies by successive administrations. The first period, which spanned the period of terminal colonialism and the first two years of independence -- 1945-1962 -- witnessed the enthronement of untramelled othordoxy in economic liberalism, a period that coincides with the 'initial open-door' phase of gov-

---

[24] Wazi Ray Ofbegbu and Chibuzo-S.A. Ogbuagu "Towards a New Philosophy of Foreign Policy in Nigeria" in A.B. Akinyemi ed. Nigeria and the World: Readings in Nigerian Foreign Policy (Ibadan, Oxford University Press, 1978) p. 123.

ernment policies on industrialization. It was the period during which, as we noted earlier, the structures that were to influence foreign policy decisions after independence were reinforced. The external manifestation of this economic othordoxy was an open-door philosophy that welcomed any investment -- private or public -- from abroad that was perceived to contribute to the development objectives of the government. As one analyst saw it, government policy goals, in this period, emphasized the government's role as a necessary instrument in the development process.[25] The government therefore supplied information about industries and provided services through a number of its institutions, such as the Institute of Industrial Research, The Lagos Industrial Estate and the Loans Board. Furthermore, it acted as a secondary and tertiary party through official control in the form of tariffs, subsidies, various taxes and licensing. Very liberal industrial legislations such as the Aid to Pioneer Industries Ordinance (1952) the Industrial Development (Import Duties Relief) Ordinance (1952), the Income Tax (Amendment) Ordinance, The Industrial Development (Income Tax Relief) Ordinance (1958) discussed in Chapter 2 were all features which depicted government as both a secondary and tertiary

---

25 See Eno J. Usoro "Government Policies, Politics and Industrial Development Strategu om Mogeroa. 1947-74" in O. Teriba and N.O. Kayode eds. op. cit. p. 65.

party in its effort to promote industrialization through the private sector. These incentives were further later reinforced by disclaimers of any intention on the part of the government to nationalize foreign enterprise. Thus in an impassioned response to the call by the opposition to nationalize all mining, the merchant marine, insurance, foreign-owned plantations and "all pseudo-attractive and secondary industries",[26] the Federal Minister of Finance who was also leader of the House of Representatives retorted:

> A new nation like Nigeria, cannot be built on the basis of nationalization. I need perhaps, only refer to the examples of America and Ghana to illustrate how rapid and orderly development has been achieved by private enterprise efforts, including a large measure of foreign capital, but without the overhanging threat of nationalization....Nationalization, based on quasi Communist ideas is alien to our philosophy.[27]

---

[26] Idang, op. cit. p. 141.

[27] House of Representatives Debates, November 1960 session, p. 40. Inducement guarantees were given by all the regional governments as Sir Ahmadu Bello's urgings to the Northern Regional House of Assembly, noted earlier, confirms. In a similar vein, Dr. Nnamdi Azikwe, the premier of Eastern Region, expressed similar convictions when he said: "The only way of attracting these industrial development prerequisites from overseas is to ensure for those who provide them unstinted cooperation, confidence, security and opportunities to earn adequate rewards for their capital and skill...and we are against arbitrary nationalization." Enugu, Eastern Nigerian Sessional Paper No. 6 (Nov. 1969) forward.

Other members of the ruling coalition lambasted those advocating nationalization, charging that "those who are advocating nationalization are communists and they should have the courage to say so." Thus the belief permeated the rank and file of the political class, both before and after formal independence that foreign private investment was indispensable to development process. "The reason why I personally want to see Nigeria taken into the Commonwealth" declared the late Prime Minister when speaking on the independence motion, "is this.... At present we are an underdeveloped country. In order to expand our economy we must seek investments from the richer and more developed countries, investments of both money and skill."[28] Nigeria's foreign economic policy, therefore, could not but reflect this pervasive belief. It was no accident, therefore, that the theory of non-alignment diverged from the practice of international economic relations. This divergence is demonstrated by the three primary foci of external economic relations, viz: aid, trade and investment.

As Table 1.2 above shows, Nigeria's trade pattern in the early years of independence showed little difference from the colonial pattern: predominantly western oriented. Although British share of Nigeria's trade fell -- exports

---

[28] House of Representatives Debate, 14th January 1960, col. 35.

from 42.9 percent in 1962 to 39.1 percent in 1963 and imports from 35.7 percent to 34.1 -- the west's overall share stood at 70% of Nigeria's imports and 90% of her exports. The comparative figures for the East European nations were 1 percent for exports and less than four percent for imports. The aid pattern showed a similar pro-western bias. As Table 3.4 shows, the bulk of Nigeria's development aid came from the West -- whether one looks at the list of direct donors, or indirectly through international financial institutions. Indeed, apart from scholarship, the only direct economic assistance from the Soviet bloc up till September 1965, was a credit of an unknown amount offered in March 1962, and a ₦10 million loan from Poland granted in June 1962. The Soviet Union's interest-free loan of 140 million offered shortly after independence, was rejected by the government.[29]

Responding to criticisms and apprehensions expressed by some individual and press commentaries, the then Minister of Economic Development voiced his own fears prior to the signing of an agreement on agricultural projects worth ₦5 million with the United States in May 1962.

> There is a certain amount of uncertainty in the minds of some of our people as to what will be the consequences of external loans and grants. Some of us have been quite rightly suspicious as to the real reason why the

---

[29] Idang op. cit. p. 141.

Table 3.4 Firm Offers of Foreign Aid 1962 - 64

Source and Details		Amount
International Finance Institutions		(₣ Million)
1	IBRD	
Niger Dam	29.3	29.3
Electricity Corporation of Nigeris		10.7
Nigerian Ports Authority		4.81
2.	IRC	
Nigerian Industrial Dev. Bank		0.5
3.	IDA	
Education Projects		7.1
Northern Roads		5.5
U.S.A. Government		45.0
U.K. Government		
Commonwealth Assistance Loan		2.8
Nigerian Railway Corp.		1.5
Telecommunications Loans		1.6
Commonwealth Ass. Loan (1962)		10.0
Exchequer Loan		3.0
Apapa Industrial Dev. Loan		1.25
Niger Dam		5.0
West German Government		8.5
Swiss Government		1.7
Netherlands Government		4.0
Polish Government		15.0
Israeli Government		1.17
Italian Government		9.0
London Money Market		4.25
Total		171.72

Source: National Development Plan, Progress Report (Lagos Federal Ministry of Economic Development, 1964) p.31

> highly developed countries give loans and grants to the undeveloped countries.... We do not know whether the grants and loans will eventually lead to the control of our political and economic affairs by the countries which give us the assistance.

Nonetheless, he announced that the government was accepting the American desire to help Nigeria as genuine, and went on:

> I hope that we shall be proved right. One must have confidence in a country like the United States, in spite of the doubt which may exist in the minds of some of us, if we are to bring about quickly the economic and social development which we have planned.[30]

On the investment front, the picture was the same. Of the total industrial investment of ₦203.3 million, 78.8% came from abroad; and of this, ₦184.5 million came from the West, principally from Britain, France, Germany, the Dutch, Italy and the U. S., with a small proportion (₦2.3 mil.) from Lebanon. As Table 3.5 below shows, British share alone was ₦129.2 million or 63.6% of total foreign investment in the country. As with trade, this represents a slight decrease in British share of the investment market, compared with 1962 when it had 80% of the ₦400 million.[31]

---

[30] Waziri Ibrahim, Federal Ministry of Information, Press Release, 31 May 1962.

[31] Douglas G. Anglin, "Nigeria Political Non-alignment and Economic Alignment" in Journal of Modern African Studies 2, 2 (July 1964) p. 249.

Table 3.5 Private Foreign Industrial Investment in Nigeria 1964 (Value of Investments by National Origin in N'000

Nationality	Total	% of Total Identified	% of Foreign
British	129,206	50.2	63.6
French	3,728	1.4	1.8
German	3,008	1.2	1.5
U.S.A	19,070	7.4	9.4
Italian[1](1)	6,766	2.6	3.3
Lebanese	13,478	5.2	6.6
Dutch (2)	9,266	3.5	4.6
All other Nationalities	18,730	7.3	9.2
Total Foreign Identifies	203,262	78.8	100.0
Nigerian Governments (3)	48,568	18.8	—
Nigerian Private (3)	6,274	2.4	—
Total Nigerian(Identifed)	54,854	21.2	—
Foreign and Nigerian (Identified)	258,110	100.0	—
Unidentified Investments (4)	28,370	—	—
Total Nigerian and Foreign Industrial Investments	286,480	—	—

Notes: 1. Does not include investments by Unilever/UAC Group or Shell-BP

2. Does not include 100%-owned and operated Nigerian enterprises estimated at N22 million mostly in small scale industries e.g. bakeries, printing and sawmilling.

3. Considerably underestimated due to unavailability of complete figues from furniture manufacturers.

4. Investment that could not be identified according to nationality.

Source: A.N.Hakam: The Nigeria Journal of Economic and Social Studies,(March, 1966) Vol. VIII, 1 p. 61

But the western grip of the industrial landscape through private capital did not change the overall picture.

With this statistics, the evidence was overwhelming for critics of Nigerian foreign policy, that the Nigerian leaders, for whatever reasons, were committed to remaining within the orbit of western influence. It was a classic case, as another observer put it, of 'political non-alignment and economic alignment.'[32]

That Nigeria was decidedly and unabashedly pro-west in both her diplomatic and economic relations, at least in this phase of her foreign policy is not in dispute. The controversy surrounds the interpretation of this orientation. Was it, as some argue, because Nigerian leaders succumbed to pressures from Britain and other western nations, or, as others maintain, because of "personal and political conviction," rather than "crude economic determinism"? Or still, could Nigeria's external behavior -- whether on the diplomatic or the economic front -- be explained in terms of the structural realities of the internal and the international system? The answers to these questions will be explored in Chapter 5 below. Suffice it to say here, that the Nigerian military which seized power in a bloody coup on January 15, 1966, and the successive military administrations of Yakubu Gowon, Muritala Mohammed and Olusegun Obasanjo, inherited a domestic economic system whose man-

---

[32] Ibid.

agement was predominantly in foreign hands because of the preponderance of foreign capital in the vital sectors of the economy.[33] They also came to power at a time when there was growing unrest and resentment against the excesses of some foreign firms in their exploitation of local resources and labor, such as poor wages and conditions of service. It was therefore not surprising that they and their bureaucratic advisers, recognized the imperative of wresting economic control from the foreigners. The lessons of the civil war added new momentum to the drive toward economic independence. Specifically, the attempt by some oil companies to divert royalties and other revenues from oil to the secessionist cause left a bad taste in government's mouth. It is to the attempt to translate the ideals of economic nationalism into the practical reality of indigenous management and control of the economy that I now turn.

---

[33]It must be noted, however, that as early as 1962 the civilian administration recognized the need, for Nigerians, to be in control of their economy. Thus the first National Development Plan, 1962-68, stated that one of the objectives of the plan was to give Nigeria "a measure of control over her own destiny" National Development Plan: 1962-68 (Lagos, Federal Ministry of Economic Development) p. 3.

[34]Many foreign firms, including such big banks as Barclays, did not have any kind of retirement or accident plans for their workers, regardless of their length of service.

PART II

DOMESTICATING THE PRIVATE SECTOR

CHAPTER 4

THE NIGERIAN ENTERPRISES PROMOTION DECREE: BACKGROUND.

In February, 1972, the Federal Military Government promulgated the Nigerian Enterprises Promotion Decree, establishing the Nigerian Enterprises Promotion Board. The Board, according to the decree,

> shall have general power to advance and develop the promotion of enterprises in which citizens of Nigeria shall participate fully and play a dominant role and in particular,... (a) to advise the commissioner on clearly defined policy guide-lines for the promotion of Nigerian enterprises; (b) to determine any matter relating to business enterprises in Nigeria generally in respect of commerce and industry that may be referred to it...and (c) to perform such other functions as the commissioner may determine or as may be conferred on it by this decree or any other enactment.[1]

The decree was the culmination of nationalist pressures that had accumulated over the years but to which successive administrations were reluctant to respond for a variety of reasons, the chief of which was the obsessive fear of the "flight of foreign capital" from the country. It would be recalled that the World Bank Report had emphasized the need for foreign capital if Nigeria's development potential was to be realized. Citing an earlier report on the economic

---

[1] Nigeria: Official Gazette Extraordinary No. 10, Vol. 59 (28 February 1972) Part A p. 11-12

development of Ghana,[2] the mission had warned that foreign capital was not clamoring for admission to Nigeria but must be attracted, that Nigeria (like the Gold Coast, later Ghana) needed foreign investors more than they (the investors) needed Nigeria.

This admonition was taken seriously by the Nigerian policy-makers, and this gave impetus to the series of inducement ordinances discussed in Chapter 2. It is instructive to note, however, that even the World Bank Mission could not ignore the possible trend of events regarding foreign investment in the country. As the report notes:

> The mission on many occasions discussed with Nigerians their attitude regarding foreign capital and found a good deal of confusion on the subject. There was general agreement that efforts should be made to attract foreign capital to Nigeria. At the same time it was argued that Nigeria must be protected against "exploitation" from abroad and that "strategic" industires should not be permitted to fall into the hands of foreigners. It was also asserted that in no industrial enterprise should more than 49% of the capital be foreign-controlled. The Nigerian press reported demands for the expropriation of foreign enterprises when Nigeria obtains self government - although nothing of the sort was said to the mission[3] (emphasis mine).

---

[2] See W.A. Lewis: Report on Industrialization in the Gold Coast. (Accra; 1953) p. 26

[3] The International Bank for Reconstruction and Development: The Economic Development of Nigeria (Baltimore, The Johns Hopkins Press, 1955) p. 29

It is possible that nothing was said to the mission in the course of its investigations that reflected such nationalistic sentiments. But the nature of colonialism, its primary concern with creating a service-economy to feed the metropolitan economy and the persistent discrimination against indigenous business groups by both the colonial government and the foreign financial institutions could not but contribute to the accumulation of resentment against foreign economic domination.

As Coleman notes, Nigerian resentments and grievances stemmed from the concentration of economic power into the hands of expatriate firms, especially the United Africa Company (UAC), which was the dominant trading firm since the thirties.[4] The UAC has, since 1930, exercised a prominent and sometimes a dominant role in the Nigerian economy. By the beginning of the 1940's, it controlled more than 40% of Nigeria's import-export trade. Even as late as 1949, it handled 34% of commercial merchandise imports (which is quite significant, as Table 3.2 above shows) into Nigeria and purchased, on behalf of Nigerian marketing boards, 43%

---

[4]James S. Coleman, Nigeria: Background to Nationalism (Berkeley, University of California Press, 1977) p. 80

of all Nigerian non-mineral exports.[5] With five other old established European firms, it organized the Association of West African Merchants (AWAM) through which they frequently made import agreements and allocated export quotas. In 1946 the six firms together handled 66% of Nigeria's imports and nearly 70% of her exports. Table 4.1 shows their dominance in the Coacoa trade, while the dominance of the UAC in the Nigerian import-export trade can be inferred from Table 4.2 below, which shows its subsidiaries and associated companies in Nigeria: a truly multinational conglomerate. By 1949, as much as 95% of Nigeria's import trade was in the hands of foreign firms.[6]

Until quite recently, most of these firms engaged in extensive retail and semi-wholesale trade at widely dispersed upcountry stations. In addition to the predominance of AWAM firms, there was a very heavy concentration in the European ownership and control of banking and shipping facilities. It was this near-totality of economic power,

---

[5]Marketing Boards were established for each of the major export crops, i.e., Coacoa (1947), Groundnut (1949), Palm produce (1949) and Cotton (1949) to purchase, grade and market these products. In practice European firms marketed these products. For a critical evaluation of the Marketing Board System, see Gerald K. Helleiner, Peasant Agriculture, Government and Economic Growth in Nigeria (Homewood, Ill. Richard D. Irwin, Inc. 1966) Chapters 6 and 7.

[6]P.T. Bauer, West African Trade (Cambridge University Press, 1945) p. 65

Table 4.1

Comparison of Coacoa Export Handled by European and Non-European Firms:1940-52

Period	European firms	Levantine firms	African firms	Association of Nigerian CO-operative Exporters
1940-1941	92	7	1	--
1948-1949	78	9	2	11
1949-1950	76	12	3	9
1950-1951	72	14	4	10
1951-1952	70	15	7	8

Source: James S.Coleman, Nigeria:Background to Nationalism, (Berkeley,University of California press,1958) p.439.

Table 4.2

United Africa Company (UAC) Nigeria Ltd - Subsidiaries and Associated Companies

	Company	Year of Incorporation	Authorised Capital	Issued Capital
1.	African Timber & Plywood (Nig) Ltd	1952	N2,5000,000	N2,500,000
2.	Niger Motors Ltd	1931	2,000,000	2,000,000
3.	Finets Ltd	1935	300,000	300,000
4.	G.Gottshalck & Co West(Africa) Ltd	1937	700,000	700,000
5.	U.A.C Technical Ltd	1947	600,000	600,000
6.	G.B. Ollivant (Nig)Ltd	1954	5,000,000	3,000.000
7.	Pan Electric Ltd.	1937	120,000	100,000
8	Kingsway Stores (Nig) Ltd	1959	4,000,000	3,000,000
9.	Green Lam Plant Hire (Nig) Ltd.	1961	200,000	160,000
10.	A.J. Seward (Nig) Ltd	1961	300,000	300,000
11.	West African Cold Storage Co. Nig. Ltd.	1961	1,000,000	200,000
12.	Bordpark Ltd.	1962	1,000,000	800,000
13.	Kingsway Chemist (Nig) Ltd.	1962	100,000	10,000
14.	Premier Packaging Ltd	1969	200,000	90,000

Source: Daily Times (1974)

that created the popular image of alien collusion and exploitation to which the World Bank Mission alluded.

As Coleman points out, this image of a conspiracy between alien political control and an alien economic oligopoly was not without substance.[7] First, the colonial administration dealt mostly with a few large firms in the allocation of trading licenses, the administration of trade controls, and the formulation of trade policies. It is not clear whether this policy of dealing primarily with expatriate firms was due to ideological or national affinities between government and management of these firms. However, war-time controls imposed on export trade only strengthened the conspiracy thesis. In 1939, the British Government established an official monopoly over the purchase, export, and marketing of all West African agricultural products. The export-control system was operated by the West African Produce Control Board, a statutory corporation. And once again, the board designated the large established expatriate firms as its buying agents. Thus, in effect, the government froze, legitimized and perpetuated for the duration of the war, the pre-war alien oligopoly in Nigeria's export trade.

The result of these discriminatory practices was to alienate both the emergent entrepreneurial class and consumers who had developed tastes for imported goods. The

---

[7] Ibid p. 81. See also Helleiner, op. cit. Chapters 6 and 7.

magnitude of Nigeria's import trade, on which most indigenous entrepreneurs concentrated, can be gleaned from Table 4.3 below. Whether these practices merely reflect the logical extension of a conscious and systematic effort since the end of the nineteenth century, by European enterprise, to prevent the emergence of a stong Nigerian entrepreneurial class, or whether the large expatriate firms were obliged to assume a dominant position and to acquire vested interest simply because a strong indigenous capitalist class did not exist, the effect was the same: the accumulation of grievances which was later to serve as the catalyst for government action against foreign private capital.[8] For throughout the period of colonial rule, several Nigerian business groups were displaced or suffered frustration in their entrepreneurial pursuits, as a direct result of the operations of expatriate firms. These include the Nigerian middlemen in the Niger Delta area who, during the first half of the nineteenth century, had become the recognized intermediaries between European traders on the coast and the peoples of the hinterland. By the end of the nineteenth century they had been effectively eliminated by the European firms. Subtle measures such as the exaction of heavy trade licenses, the enforcement of stringent regulations

---

[8]For detailed discussions of these views see P.T. Bauer, West African Trade (Cambridge: Cambridge University Press, 1954)

Table 4.3

Number of Enterprises by Nationality of Owner and by Type of Commodity Sold

Type of Commodity	Total	Foreign Company	%	Indigenous Company	%
1. Consumer Non-durable	46	32	70	14	30
2. Consumer Durable	9	6	67	3	33
3. Capital Equipment	12	10	83	2	17
4. Industrial Supplies	14	13	93	1	7
5. Goods for Export	1	1	100	0	0
6. Mixed Commodities	41	41	100	0	0

Source: Central Bank of Nigeria, 1970

regarding the marketing of African produce, and when these failed, primitive expeditions against resisting groups or the deportation of their leaders (such as King Ja Ja of Okpobo)were employed to neutralize their competitive ability.

Other groups affected by the operations of the European firms include middlemen who acted as the vanguard of the European commercial house in their penetration of the hinterland, the tiny group of small scale Nigerian exporters who were denied participation in the war-time boom because of the goverment's preference for expatriate firms, the hundreds of thousands of petty women traders in urban centers (such as the Lagos market-women)who purchased goods from European firms and sold them in the local markets, and the producers of export commodities, as well as the consumers of imported goods, who blamed the European firms both for low prices paid the producers and for high prices charged the consumers. All these groups suffered directly or indirectly from the competitive advantages that the expatriate firms enjoyed, and in response, mobilized to protest through political action. Indeed they provided the early nationalist movements with the bulk of their support.[9]

It was not only in the area of trade that monopoly power was exercised by foreign firms, however. Even more obvious was the denial of credit to indigenous entrepreneurs by the banks, which were also foreign-owned, except

---

[9]Coleman op. cit. p. 82

for two- the National Bank of Nigeria, established in 1933, and the African Continental Bank, established in 1947. Because of the virtual monopoly exercised by two British banks - Barclays and the Bank of British West Africa - credit was readily available to Europeans for reasons that may well be economic but could be interpreted as racial prejudice. The denial of credit to indigenous businessmen stimulated the establishment of two indigenous banks, but the colonial government's preference for expatriate firms was again visible in its dealing with banks, so much so that the owners of the indigenous banks expressed their resentment of the government's designation of a European bank as the official bank for the government of Nigeria. (Ironically, the Nigerian Bank for Commerce and Industry also discriminated against indigenous entrepreneurs, as Table 6.5 below shows). As the annual report of one Nigerian bank put it: "It would have been a great help to Nigerian enterprise if the Nigerian government...(had extended)...her patronage to at least some of the African-owned banks in Nigeria."[10] It was not suprising therefore, that some of the indigenous banks gave financial support to the nationalist movement and that shortly after the accession to power of an all-Nigerian government in the Eastern and Western regions, indigenous banks were awarded a substantial share of government business.[11]

---

[10] Annual Report, Nigerian Farmers and Commercial Bank Ltd, 1951 (Lagos, 1951)

[11] Coleman op. cit. p. 86

We have noted in Chapter 2 that at independence the key sectors of the Nigerian economy were virtually in the hands of foreign investors, a situation not compatible with political independence. The situation had changed very little when the Nigerian Enterprises Promotions Decree was promulgated, as Table 1.2 shows. However, the indigenization decree, as would be expected, had its antecedents. Its history stretches as far back as 1946, the very year the Open Door Policy was formally proclaimed by Governor Arthur Richards. In recognition of the simmering tension between indigenous and foreign private capital, the colonial government set up the Nigerian Local Development Board with a view to granting direct loans to Nigerian entrepreneurs. Predictably, the monopolistic trading interests of such grand foreign firms as the United Africa Company and John Holt clashed with the emerging local commercial interests, forcing the government to mediate the conflict time and again in protection of the weak local entrepreneurs. Thus, in 1956, the first direct step dowards indigenization was taken with the establishment of a national committee on the 'Nigerianization of Business Enterprises.'[12] Although the Committee's recommendation that aliens be excluded from the distributive trade was accepted by the post-colonial government

---

[12]Ankie Hoogvelt, "Indigenization and Foreign Capital: Industrialization in Nigeria" in Review of African Political Economy 14 (Jan.-April, 1979) p. 56

in the early sixties, it was never effectively implemented.

1962 marked the beginning of the second phase of the country's foreign economic policy, a phase characterized by a more assertive role, not only of planning, but even more importantly, of the State in the economic development of the country.[13] As a result of these new emphases, liberal credit facilities were advanced to Nigerian politicians-cum-businessmen such as Chief Festus Okotie-Eboh, who was then the Federal Minister of Finance, Alhaji Aminu Dantata, the groundnut magnate in Kano City, and the late Chief Henry Fajemi-rokun, until his death in 1978, the doyen of the indigenous industrial elite.[14] In addition, the State was to assume a critical role in the promotion of indigenous capitalism.[15]

Another step towards indigenization was taken in 1968 when an Expatriate Quota Allocation Board was established as a step towards the indigenization of senior personnel in foreign-owned corporations,[16] and in line with this objective the second National Development Plan, 1970-74 introduced

---

[13] The modification of the open door policy which marked this phase, is reflected in the first National Development Plan . See Federation of Nigeria: National Development Plan, 1962-68 (Lagos, Federal Ministry of Economic Development, 1962) pp. 1-6 and 21-26

[14] For a detailed discussion of credit to indigenous entrepreneurs see Sayre P. Schatz, Nigerian Capitalism (Berkeley, University of California Press, 1977) pp. 225-253

[15] National Development Plan 1962-68 op. cit. p. 24

[16] Hoogvelt, op. cit. p. 56

measures for the "accelerated training of local businessmen, the provision of advisory and training services and the improved flow of capital, technical and market information."[17] However, it was the promulgation of the Companies Decree in December, 1968 that signalled a decisive shift in policy orientation which the indigenization decrees reflected. The most important provision, from the point of view of foreign capital, was the requirement that companies operating in Nigeria must be incorporated there, the objective being to bring local subsidiaries of multinational corporations under more effective local control.[18]

Except for crude economic determinists, no one would deny that a major decision by any government, underlining the linkage between internal economic processes and the international system, cannot but be the product of economic as well as political events that constitute the total environment. The Nigerian Enterprises Promotion Decree is no exception. Internally, the political environment was propi-

---

[17] National Development Plan op. cit. p. 24. For the measures which the government planned to introduce to facilitate the realization of these objectives, see Federal Republic of Nigeria Second National Development Plan, 1970-74 (Lagos, Federal Ministry of Information, 1970) pp. 67-78. The plans will henceforth be referred to as First or Second Plan, respectively.

[18] Federal Republic of Nigeria, Decree No. 51, Official Gazzette (Lagos, Federal Ministry of Information, 1968) p. A201 Part I Section 101. The decree invests the State or its agent (e.g., Commissioner of Industries) with wide powers of intervention in the activities of the companies, including procedures for meetings of shareholders, a clear violation of the norms governing a free enterprise system. See Part IV of the Decree, pp. A246-304, for the various modes of intervention authorized by the State.

tious. The country had just emerged from a gruelling civil war that nearly emptied her treasury and left wounds that many believed would take decades to heal.[19] The conciliatory gesture of the victorious Federal Military Government, under General Yakubu Gowon, and "the readiness of the Ibo elite to cooperate in re-establishing federal authority in the secessionist territory"[20] facilitated the reintegration of Biafra into Nigeria and created a new sense of strength and self-confidence.[21] Stremlau observed of this new sense of strength: "Despite the high degree of international interest and involvement during the conflict (i.e., the Civil War), Nigerian reunification was finally achieved without external assistance, foreign mediation, international peace-keeping or security guarantees..."[22]

Another evidence of this new sense of unity and strength was the preparation of a 3 billion Naira Plan

---

[19]For a detailed analysis of the Civil War and relative ease with which reconciliation took place, see John I. Stremlau, The International Politics of the Nigerian Civil War 1967-1970 (Princeton, Princeton University Press, 1977) pp. 357-387

[20]Ibid p. 357

[21]Biafra was the name chosen by the secessionist leaders of the then Eastern region of Nigeria, 80% of which was inhabited by the Ibos.

[22]Ibid

for Post-War Development and Reconstruction - the Second National Development Plan. What is significant about the plan was that whereas the First Plan relied heavily on foreign capital, this one indicated a shift from dependence on foreign capital to domestic sources. As the planners put it:

> True national progress can only be achieved through the realization that the burden of development must fall squarely on the shoulders of the Government and the people who desire the expansion of the country's social and economic life. The financing assumption of the plan is that the bulk of the expenditure on current and capital accounts will come from domestic sources. External capital flow will thus only supplement the internal generation of public and private savings[23] ...(my emphasis).

Even more reflective of a new orientation was the shift from a philosophy of private sector leadership in generating economic development to public sector's (a euphemism for the State) active involvement, indeed, leadership in the development process. As Professor Aboyade rightly observes, "The basic position of the plan is that it is the public sector (that is, the government, acting collectively on behalf of the entire population)...which should assume the commanding heights of the national economy."[24] The

---

[23] Second Plan, op. cit. p. 297.

[24] C. Aboyade, "Indigenizing Foreign Enterprises: Some Lessons from the Nigerian Enterprises Promotion Decree," in O. Teribal and M.O. Kayode eds., Industrial Development in Nigeria: Patterns, Problems and Prospects (Ibadan, Ibadan University Press, 1977) p. 379-80.

Plan itself was unequivocal on this:

> "What Nigeria lacked most in the past has been the national sense of purpose, particularly in economic matters. The Federal Government will, therefore, occupy the commanding heights in the quest for purposeful national development and provide the leadership and honest administration necessary for the attainment of a national sense of purpose. Government intervention in economic matters designed to protect and promote the public (national) interest is, therefore, fully justified.[25] (my emphasis).

Thus, the Civil War, and the strong identification with the Federal Government by the generality of Nigerians in maintaining the territorial integrity of Nigeria (the propaganda slogan during the war, broadcast after programs on radio and television, was: "to keep Nigeria one is a task that must be done") provided the immediate political background for the indigenization decree. The Federal authorities acknowledged the inspiration the war-induced unity gave in the following paragraphs from the plan:

> One of the important lessons of the war-time economy was a better understanding of its response mechanism to changes in domestic public policy. The crisis demonstrated that the policy maker in a neo-colonial economy need not throw up his hands in helpless desperation. For Nigeria, at least, the Civil War marked a threshold when the national economy was freeing itself from the straight jacket of agricultural export earnings as its determinant of growth. Henceforth, the pivot of economic development became the complex set of carefully designed policy instruments....

---

[25] Second Plan op. cit. p. 32

> The War has helped to generate greater confidence in the basic strength and resilience of the Nigerian economy....[26] (my emphasis)

Among the "complex set of carefully designed policy instruments" employed to maintain the stability of the economy during the war and which were to become permanent features in the post-war management of the economy were restrictions on imports, especially of non-essential goods, the imposition of a capital gains tax of 20 percent on gains accruing from disposal of assets, and the imposition of a super tax on company profits (two shillings in the pound; equivalent of 28 cents on every dollar).[27] These measures were continued with slight modifications to reflect changing circumstances.[28]

This then was the political context, at the national level, of the Nigerian Enterprises Promotion Decree. At the international level, nothing happened of immediate significance to Nigeria's position within it except the gathering storm over the perceived inequities of the international economic order, culminating in the cartelization of oil, the 1973 price hike by OPEC and the verbal confrontation between the industrialized nations on the one hand

---

[26] Second Plan op. cit. pp. 28-29.

[27] Ibid. p. 17.

[28] The most drastic of these restrictions were imposed in the 1978/79 budget, in which such items as lace materials, champagne and cars above 2.5 liters were banned. For details see West Africa April 10, 1978 pp. 693-696. The new civilian regime has in its 1980 budget relaxed some of these measures. West Africa 31 March 1980. pp. 557-562.

and the underdeveloped nations on the other, during the Seventh Special Session of the United Nations in September 1975, over the demand by the latter, for a "New International Economic Order."[29] Thus the psychology of a war fought and won through internal resources, coupled with a growing polarization between North and South provided the launching pad for a new orientation in foreign economic policy. As Stremlau correctly observes, "the deference that had often characterized Nigeria's relations with European and American powers in the early 1960's and during the first two years of the Gowon regime (i.e., 1966-75) disappeared as the Federal Government acquired self-confidence and sought greater independence from foreign influence."[30] And the linkage between perceived economic power and foreign policy was made explicit in the post-war plan:

> Before the Civil War, there was a general tendency on the part of Nigeria to view the conduct of external policy rather narrowly, in terms of the projection of an image of international good behavior and

---

[29] For an incisive analysis of the NIEO debate, see Branislav Gosovic and John Gerard Ruggie, "On the Creation of a New International Economic Order: Issue Linkage and the Seventh Special Session of the UN General Assembly" in International Organization, 30, 2 (Spring 1976) pp. 309-345. For an encyclopaedic treatment of the NIEO debate, see Robert W. Cox, "Ideologies and the New Economic Order: Reflexions on Some Recent Literature" International Organization 33, 2 (Spring 1979) pp. 257-302

[30] Stremlau, op. cit. p. 357

> and diplomatic correctness. The underlying principle of non-alignment to which the country was committed on the eve of independence in 1960 often lacked, in practice, a dynamic personality and suffered from an excessive caution in making new friends and pursuing national interest that may offend old ones. But it is absolutely essential for the country's external policy to be seen, henceforth, as an integral aspect of national policy; it is to serve, at all times, the nation's primary interest, particularly in the economic field. 31

The foundation of a fundamental shift in both internal economic policies and their external manifestations was thus being laid. The indigenization decree could not have found a better political environment.

If the war-induced sense of strength and unity provided the stimulus for a frontal attack on foreign monopoly capital, the reality of foreign domination of the "commanding heights" of the economy fueled the new shift in policy. A microscopic view of the relative strength of foreign capital vis-a-vis indigenous capital makes intelligible the sense of outrage felt by the Nigerian leaders. The Industrial Survey of 1963 reveals the following:

Nigerian Private Capital	-	$11.12M (10%)
Foreign Investment	-	77.50M (68%)
Nigerian Governments	-	24.90M (22%)
TOTAL		113.52

Source: W.A. Lewis "Reflections on the Structure of Nigerian Manufacturing Industry" in O. Teriba and M.O. Kayode, Industrial Development in Nigeria (Ibadan, Ibadan University Press, 1977) p.33.

---

[31] Second Plan op. cit. p. 78.

The Extent of Foreign Control

The picture had changed little on the eve of the Nigerian Enterprises Promotion Decree. In a study carried out just before the promulgation of the decree, Professor Teriba and his colleagues showed the extent of foreign control of the Nigerian economy twelve years after independence. In a survey of 1,320 business enterprises registered in the country (as of that year) in order to determine their ownership and control structure, the authors confirmed empirically, what was already a widely held speculation: the control of the Nigerian economy by foreign (mainly British) citizens.[32]

This control was facilitated as noted in Chapter 2 by the Open Door Policy, 1946-61, and which was only slightly modified in the second phase: the realization phase. This phase, which covered 1962-68, witnessed Nigerian leaders' ambivalence towards the free enterprise system. Ideologically, they remained committed to the free enterprise system. At the same time, the State's role was seen"not only in providing the social but also the basic

---

[32] O. Teriba, E.C. Edozien and M.O. Kayode,"Some Aspects of Ownership and Control Structure of Business Enterprise in a Developing Economy: The Nigerian Case" in O. Teriba and M.O. Kayode, Industrial Development in Nigeria: Patterns, Problems and Prospects (Ibadan, Ibadan University Press, 1977) pp. 89-112.

economic services, such as electricity and ports." More than this, however, they envisaged the participation of the State "in the operation of various industries...." Nonetheless, "the governments (of Nigeria, i.e., the regional and federal governments) are convinced that no amount of government activity can effectively replace the efforts of a broadly based and progressive private sector."[33]

During this phase, foreign capital consolidated its hold on the key sectors of the economy, hence the high percentage of indigenous capital in small businesses, i.e., business under ₦ 2000 bracket, as shown in table 4.4 below, for most indigenous entrepreneurs preferred the low risk/high profit nature of service industries, especially the distributive trade. If the predominance of Nigerians in small businesses suggests the peripheral role Nigerian citizens play in the economy, an examination of the general pattern of share holding reveals even more, the extent of foreign domination of the economy. As Table 4.5 shows. Nigerians predominate only in nominal share holding. They account, for instance, for almost 56% of all shareholdings of the value of ₦ 2.00, while accounting for less than 40% for the larger shareholding and as low as 26% for all shareholdings exceeding N 100,000 in value.

A more complete picture of the pattern of shareholding, showing the relative importance of institutional and individual shareholding is presented in Table 4.6. Of greater

---

[33] First Plan p. cit. p. 21.

importance, however, is the relative importance of Nigerian and expatriate holdings, both of individuals and institutions. As the table shows, expatriate institutions alone account for almost 40% of total shareholding while Nigerian individuals and expatriate institutions account for over 32 and 20 percent, respectively. On the other hand, Nigerian institutions account for under 7% of total shareholding.

Nigerian and expatriate individuals have over 70% of the shareholding whose value were 20,000 and below. Nigerian individuals hold 54 percent of all nominal shares, while expatriate individuals account for 41.3 percent. It should be noted that as the value of shareholding increases above 10,000, expatriate individual participation exceeds those of Nigerian individuals. Thus, while expatriate individuals accounted for 23.3 percent of all shareholding with a value of 200,000 and above, Nigerian individuals accounted for a mere 3.7 percent.

Table 4.7 shows the relative importance of Nigerian individuals and institutions and of expatriate individuals and institutions as majority shareholders. Nigerian and expatriate individuals each account for about the same share - 40 percent of the total majority share-holding - in businesses where paid-up capital is less than ₦ 2,000 and 10,000. As can be seen, there is an inverse relationship between the size of businesses and the number of individual Nigerian participation. The opposite obtains in respect of expatriate individuals. In fact, the study reveals that

Nigerian individuals had majority shareholding only in 2.7 percent of companies with paid-up capital in excess of ₦ 200,000.

Furthermore, Nigerian institutions account for less than 20 percent of majority shareholding in all categories of firms shown in the table. Majority shareholding by Nigerian institutions is generally below 5 percent in firms with a paid-up capital of ₦ 100,000 or less, as against expatriate institutions which account for more than 25 percent of majority shareholding in all categories of firms with a paid-up capital above 10,000. In firms with a paid-up capital ₦ 200,000, expatriate institutions account for almost 52 percent of all majority shareholding. Tables 4.8, 4.9, 4.10 and 4.11 present a detailed breakdown of the percentage shareholding of each category of shareholder.

Table 4.13 shows the distribution of the largest shareholder by type and proportions of shares held. Comparing the expatriate largest shareholders, institutions and individuals with their Nigerian counterparts, one finds that the bulk of Nigerian largest shareholders own minority shares in the businesses. Nigerians, it will be observed, constitute 55 percent of all largest shareholders owning 25 percent or less of paid-up capital. As the size of shareholding increases, the proportion declines. But in the case of shareholders owning 75 percent and above of paid-up capital, Nigerians constitute only 26 percent. The picture is reversed with respect to expatriate largest

shareholders. In the category of shareholders holding 75 percent of paid-up capital, expatriates constitute 74 percent of the total, whereas in the group holding 25 percent or below they constitute only 45 percent, confirming the overriding advantage of expatriates in the availability of capital.

Some interesting points need be emphasized here. An examination of the Nigerian shareholders shows that by and large, Nigerian individuals in each group of size of shareholding more than double Nigerian institutions but they are far more important in the 25 percent-and-under category than in the 75 percent category - constituting 35.5 percent in the former and only 17.3 percent in the latter.

The expatriate side of the coin shows clearly that the proportion of expatriate institutions among the largest shareholding generally rises as the sizes as the sizes of shareholding increases. Although no clear picture emerges in the case of expatriate individuals, their strength in each size of share groupings is considerable, varying between 27 and 48 percent.

Again, if one compares the Nigerian institutional holdings with their expatriate counterparts, one notes that the latter comprise 47.1 percent of the largest shareholders holding over 75 percent while Nigerian institutions comprised only 8.7 percent of the same group. The implication of this as can be gleaned from the left hand side of the table is that expatriate institutions come close to outright ownership of 245 out of 520 companies in which the largest

shareholder has above 75 percent of total shares. For the Nigerian institutions, the figure is only 45. If one compares Nigerian individuals with expatriate individuals, it becomes clear that the proportion of expatriate largest shareholder is higher than the proportion of Nigerian largest shareholder in each group except the 25 percent and under group.

Shareholding and Control at Board Level

One of the postulates in the study by Teriba and his colleagues was that the structure of shareholding at the board of directors level is related to the control of firm.[34] This postulate needs no qualification where board members own the majority of a company's share capital. Where the shares of all board members do not constitute majority holding, however, some qualification becomes necessary. In this case the validity of the postulate depends on the structure of the share held by non-board members.

Table 4.12 reveals the prevalence of token shareholders on the board of large firms measured by paid-up capital. As can be seen, there is a positive relationship between the size of paid-up capital and the number of firms in which the board's shareholding is less than 1 percent of total paid up capital. Looking at the distribution of majority shareholdings by board members - that is, those over 50 percent, and those not more than 10 percent of total company's

---

[34] Teriba and Kayode op. cit. p. 96.

Table 4.12

Distribution of Largest Shareholders by Type and Proportion of Shares Held

Type of Shareholder	Number					Percentage				
Size of Shareholding (%)	NS	NI	ES	EI	Total	NS	NL	ES	EI	Total
Below 25	21	45	11	43	120	17.5	37.5	9.2	35.8	100.0
26-33	9	26	7	39	81	11.1	32.1	8.6	48.1	99.9
34-50	48	129	66	157	400	12.0	32.3	16.5	39.3	100.0
51-75	28	50	50	71	199	14.1	25.1	25.1	35.7	100.0
Above 75	45	90	245	140	520	8.7	17.3	47.1	26.9	100.0
Total	151	340	379	450	1,320	11.4	25.8	28.7	34.1	100.0

Notes: As in Table 4.6

shares respectively, it is observed that Nigerians' positions are polarized into two extremes: where the company's shares are concentrated at the Board level and where the shares held by board members are largely token. As the table shows, 39.5 percent, 7.2 percent and 53.3 percent of all the firsm are those in which the proportion of total shares held by board members represent not more than 10 percent, 11-50 percent and above 50 percent respectively.

It is in Table 4.14 that the political implications of the structure of shareholding is most clearly visible. Here, it can be inferred that if the structure of shareholding of the boards in most Nigerian firms reveals the possibility of a high controlling influence, this same structure reveals the more pervasive influence of expatriates on boards of Nigerian companies, with expatriate board members owning the total board holdings of 569 or 43 percent of the firms with majority shareholding in 827 or 62.8 percent of the firms.

But the influence of expatriates on a board is not necessarily the function of their majority shareholding. Their influence is best seen in terms, not only of their financial contribution, but also in terms of their professional competence. When both factors were considered, it was found that expatriate control at the board level was exerted over 90 percent of the firms.[35] However, the controlling influence of expatriates is one thing, the distrib-

---

[35]Ibid p. 105.

ution of such influence is another. As Table 4.14 shows, expatriates own 100 percent of total board shareholdings in more than one-third of the firms. And this overwhelming financial control is greatest in firms where the board's holdings are largest. This same controlling interest is evident in cases where expatriates own majority but less than total board shareholding. Table 4.15 shows that expatriates own majority of total board's shares in 72.2 percent of all firms in which the total value of the board's shares exceeds 20,000 Naira. This majority holding is not less than 40 percent of total number of firms in each group, i.e., lowest (40.7 percent) in groups of firms in which the total board's holding is between 1,002 and 2000 Naira.

Another index of the relative influence of expatriates in a firm is the composition of the board in terms of the number of expatriates relative to Nigerians. Teriba and his colleagues identified four types of boards, two of which have clear implications for control of the firms, the remaining two having only conditional implications.[36] There were * boards on which there were no expatriates, but this category represents only 25 percent of all boards. That is to say, expatriates had no influence in 330 of the 1,320 companies covered by the study (Table 4.16). Many of these were firms in which the size of the board was relatively small with a membership of three or less. As Table

---

[36] Ibid p. 107.

4.18 shows, each of 84.9 percent of the firms in which expatriates were not represented on the board had a total paid-up capital of 20,000 Naira or less, where the total paid-up capital was over 200,000 Naira.

The second type of board was that in which expatriates have undisputed control. These represent 40.2 percent of all boards covered and were the predominant type. They had no Nigerian members at all and as Tables 4.17 and 4.18 show, their preponderance was pronounced in firms in which share capital did not exceed 20,000 Naira. However, in terms of size of boards, their preponderance was limited to those with less than seven members (Table 4.16).

If we redefine the second type of board to include all those in which expatriates have undisputable control, then the number of boards under expatriate control will rise by 22.3 percent, bringing the total number of boards controlled by them to 63 percent. Tables 4.16, 4.17 and 4.18 below show that the boards in which expatriates formed over 50 percent of members predominate, and these represented over 50 percent of firms in all groups, even if they are not spread uniformly over all classes of boards in terms of size and paid-up capital of the firm.

A number of conclusions are obvious from the foregoing data about the ownership and control structure of business enterprises in Nigeria prior to the promulgation of the indigenization decree. The first is the relative insignificance of the Nigerian shareholding vis-a-vis expatriate

shareholding. The second is the preponderant role of individual shareholding except in very large business enterprises where expatriate institutions (mostly firms) and to a lesser extent Nigerian institutions predominate. It is obvious that even the largest Nigerian shareholders own only minority shares in most companies. As Teriba and his colleagues observed, "the shareholding of expatriates, either as a group or as individuals or institutions, reveals that expatriates and Nigerians are clearly very unequal partners in modern business enterprise in the country.[37]

The ownership structure at the board level presents some interesting features as well. The most significant of these is the relatively strong hold of expatriates on the boards of Nigerian companies, whether this strength is measured in terms of their numbers on the boards, their financial resources, or their professional competence. Indeed it is evident that these three criteria of control have enabled foreign investors to maintain the measure of control they had on the Nigerian economy up till the third phase of the country's foreign economic policy. The policy implication of this for the goal of indigenization is obvious, as Teriba and his colleagues were quick to point out:

> Given the relatively small shareholdings attributable to Nigerians, a policy of indigenizing ownership,

---

[37] Ibid p. 110.

> except carefully formulated, may not necessarily lead to indigenization of control at the same time. A likely outcome of a general indigenization policy which merely obligates existing expatriate shareholders to sell out part of their shares would be to release part of the already large and concentrated expatriate holdings as fragmented Nigerian holdings...; this may lead to a smaller but by no means less concentrated expatriate holding and a large but atomized Nigerian holding which leaves the expatriates still in control of the firms...[38]

The authors could not have anticipated the outcome of the Nigerian Enterprise Promotion Decree (1972) better. As the analysis in Part II shows, the first indigenization decree succeeded in nominally transferring ownership of some categories of businesses to Nigerians by the 'logic of dispersal', i.e., widespread shareholding by individuals and institutions, while leaving effective control and management - which are the quintessentials of ownership - in the hands of the original owners. The outcry and frustration of many informed Nigerians forced the government to set up a panel in 1975 to investigate the various charges of subversion in the implementation of the decree, the outcome of which was the Nigerian Enterprises Promotion Decree of 1977, which is also examined in Part II below.[39]

The point, however, is unmistakeable. A decade after independence, the Nigerian leaders were confronted with an

---

[38] Ibid p. 111.

[39] The Industrial Enterprises Panel was set up on the 17th of November, 1975.

unpleasant reality; the reality of foreign control of their country's economy against which was mounting a socialist-inspired outcry. Not only were the vital sectors of the economy in foreign hands, the cumulative effect of decades of privilege had enhanced the competive advantage of the foreign managerial elite while simultaneously leading to what one of the critics of the government's open door policy has called 'the underdevelopment of indigenous entrepreneurship'.[40] This may be an exaggeration but no objective observer of the Nigerian political economy would deny the historical domination of the economy by foreign (British) investors and the consequent lag of indigenous entrepreneurial capability, to which the indigenization exercise is an eloquent testimony.[41] It is to the objectives, hopes and aspirations embedded in the decree, the instruments fashioned for their realization and the achievements, failures and frustrations of the people and their government that we now turn.

---

[40] E.O. Akeredolu - Ale, The Underdevelopment of Indigenous Entrepreneurship in Nigeria (Ibadan, Ibadan University Press, 1975) especially Chapters 3 and 4.

[41] It was this factor, more than any other, that prompted the government to assume an increasingly active role in the directly productive sector of the economy. See Sayre P. Schatz: Nigerian Capitalism (Berkeley, University of California Press, 1977) p. 5.

CHAPTER 5

THE NIGERIAN ENTERPRISES PROMOTION DECREE: OBJECTIVES

he General and the Specific

The objectives of the indigenization can be classified into two: general and specific. The general objective, of course, is obvious, as can be inferred from the analysis in Chapter 3. In its most simplified form, it was to facilitate the transfer of ownership and control of the Nigerian economy to nationals. This broad objective was stated in t the first national development plan as far back as 1962. Speaking of the basic objective of planning, the government noted:

> The basic objective of planning in Nigeria is not merely to accelerate the rate of economic growth and the rate at which the level of living of the population can be raised; it is also to give her an increasing measure of control over her own destiny.[1]

The authors of the plan were, however, quick to point out that such control did not imply a rejection of foreign investment. The plan was "seen as the first in a series (of steps) which will bring Nigeria to the 'take-off' stage." It anticipated a time when Nigeria would establish, at optimum efficiency, the institutions, procedures, basic facilities and essential industries for such growth

---

[1] National Development Plan, 1962-68 (Lagos; Federal Ministry of Economic Development 1962) p. 3.

to be realized. But the authors assured prospective foreign investors:

> This does not...mean that Nigeria forgets for a moment that she is a member of the family of nations -- indeed the growth of the Nigerian economy is an essential complement to the growth of the expanding world economy and world trade -- but it does mean that increasingly she intends to develop her economy so as to be less and less dependent upon such external factors of development as foreign financial and technical assistance, the behavior of foreign private investment, and sudden changes in the prices of her primary export products. Until that stage is reached, however, Nigeria will continue to need and indeed welcome foreign capital and skill.[2]

Two conclusions can be drawn from this passage. First it is a tacit admission that the Nigerian economy was, at the time the plan was prepared, not under the control of Nigerians. Secondly it anticipated a series of steps to wrest control from the foreign to the indigenous entrepreneurs, thus making the economy amenable to government's manipulation if and whenever the need arises. It was to translate this broad objective to specific goals that the Nigerian Enterprises Promotion Decree was promulgated in February 1972.[3]

---

[2] Ibid.

[3] Professor Schatz argues that what he calls "colonialist nurture capitalism with a welfare tendency" in his periodization of economic development orientation of the governments of Nigeria, which consisted of emphasis on generating the desired development through Commonwealth and especially British investment and producing goods that would alleviate sterling Area balance of payments problems, was modified by heightened emphasis on Nigerian participation, benefits and control, as political power shifted into the hands of Nigerians.

This decree, which many Nigerian commentators characterized as a 'watershed in Nigeria's development policy' ushered in the third period of her foreign economic policy.[4] This was the period characterized by seeming retreats from the open door policy of the earlier periods (discussed in Chapter 4), a period that witnessed not only specific policies aimed at transferring the control of the economy to indigenous hands but the first official hint at the possibility of nationalization. As the second National Development Plan puts it, "Experience has shown through history, that political independence without economic independence, is but an empty shell. The validity of this statement derives from the fact that the interests of foreign private investors in the Nigerian economy cannot be expected to coincide at all times and in every respect with national aspirations." As if this did not convey the message clearly enough, it goes on, in unmistaken assertiveness:

> A truly independent nation cannot allow its objectives and priorities to be distorted or frustrated by the manipulations of powerful foreign investors. In order to ensure that the economic destiny of Nigeria is determined by Nigerians themselves, the Government will seek to widen and intensify its positive participation in industrial

---

[4] See the various editorials of the Nigerian dailies on the decree: Daily Times, 3 March 1972, 4 March 1972, and 8 March 1972; Daily Sketch, 1 April 1974; New Nigeria, 30 March 1972.

> development...The government will not embark on indiscriminate nationalization of existing or future private enterprise in the country. Where any nationalization is deemed necessary ... compensation arrangements will be made in accordance with internationally accepted norms of equity and fair play.[5] (my emphasis)

This period thus witnessed a more assertive expression of nationalism, a desire to be free of dependence on foreign investors. It was with this in mind that the plan spoke of the need to "broaden the social base of capital ownership in the economy," to "reduce the high degree of concentration in the structure of holdings of stocks and shares."[6] It was, indeed a period of "guided internationalist nurture -- capitalism with a welfare tendency."[7] Schatz's periodization scheme is quite illuminating (Table 5.1). As he points out, there was a stress on income and wealth distribution, on the well being of the common man, on honest government dedicated to idealistic goals,[8] all tending towards welfare policies. The orientation was 'internationalist' because the considerable reliance on foreign investment outweighed nationalist pressures. As Table 5.2 shows, foreign private investment was expected to contribute 19.4 percent of the projected public sector investment of ₦1.6bn.

---

[5] Second National Development Plan, 1970-74 (Lagos, Federal Ministry of Information, 1970) p. 289.

[6] Ibid. p. 75.

[7] Schatz op. cit. p. 24.

[8] The goals identified by the Second plan were:

Table 5.1

Economic Development Orientations in Nigeria After World War II

Period	Stated Orientation	Actual Orientation
To 1949	Maintenance of the existing colonial economy with heightened emphasis on increasing efficiency and output.	
1949 to mid-1950's	Colonialist nurture-capitalism with a welfare tendency.	
Mid-1950's to Civil War	Nationalist nurture-capitalist with state capitalist and welfare tendencies	Dependent (or internationalist) nurture-capitalism
1970-74	Guided internationalist nurture capitalism with a welfare tendency	Dependent (or internationalist) nurture capitalism
1975-	Nationalist nurture-capital-state-capitalist, welfare and accelerated-development tendencies	Nurture-capitalism

Source: Sayre P. Shatz: Nigerian Capitalism. (Berkeley, University of California Press, 1977) p. 7

The decree reserved for Nigerians certain categories of business with effect from 31st March 1974. Aliens from that date were to be excluded entirely from participation in some 22 businesses listed in Schedule 1 of the decree. These businesses are shown in Table 5.3 below.

Table 5.3

Businesses in Schedule 1, Reserved for Nigerians Only

1. Advertising agencies and public relations business.
2. All aspects of pool betting business and lotteries.
3. Assembly of radios, radiograms, record changers, television sets, tape recorders and other electric appliances not combined with manufacture of components.
4. Blending and bottling of alcoholic drinks.
5. Blocks, bricks and ordinary tiles manufacture for building and constructing works.
6. Bread and Cake making.
7. Candle manufacture.
8. Casinos and gaming centers.
9. Cinemas and other places of entertainment.
10. Clearing and forwarding agencies.
11. Hairdressing.
12. Haulage of goods by road.
13. Laundry and dry-cleaning.
14. Manufacture of jewellery and related articles.
15. Newspapers publishing and printing.

16. Ordinary garment manufacture not combined with production of textile materials.
17. Municipal bus services.
18. Radio and Television braodcasting.
19. Retail Trade (except by or with the department stores)
20. Rice milling.
21. Singlet manufacture.
22. Tire retreading.

Thirty-three other enterprises, listed under Schedule 11 of the decree were barred to aliens under certain conditions. "No alien," section 5(1) of the decree declared, "shall, as from the appointed date be the owner or part owner of any enterprise:

(a) where; (i) the paid-up share capital of the enterprise does not exceed N400,000, or
(ii) the turnover of the enterprise does not exceed N1,000,000

(b) if the paid up share capital exceeds N400,000 or the said turnover exceeds N1,000,000 (whichever is appropriate and applicable) where the equity participation of Nigerian citizens or associations in the enterprise is less than 40 percent... "

In other words, aliens can engage in enterprises under Schedule 11 (see Table 5.4 only if the share-capital is below N400,000 and the turnover under N1,000,000. Where these limits are exceeded, Nigerian's must have 40 per

cent equity participation. Businesses in this category are shown in the table below.

Table 5.4

Businesses in Schedule II

1. Beer brewing.
2. Boat building.
3. Bicycle and motorcycle tire manufacture.
4. Bottling soft drinks.
5. Coastal and inland waterways shipping.
6. Construction industries.
7. Cosmetic and perfumery manufacture.
8. Departmental stores and supermarkets.
9. Distribution agencies for machines and technical equipment.
10. Distribution and servicing of motor-vehicles, tractors and spare parts thereof or other similar objects.
11. Estate agency.
12. Fish and shrimp trawling and processing.
13. Furniture making.
14. Insecticides, pesticides and fungicides.
15. Internal air transport (scheduled and charter services).
16. Manufacture of bicycles.
17. Manufacture of cement.
18. Manufacture of matches.
19. Manufacture of metal containers.

20. Manufacture of paints, varnishes or other similar articles.
21. Manufacture of soaps and detergents.
22. Manufacture of suitcases, briefcases, handbags, purses, wallets, portfolios and shopping bags.
23. Manufacture of wire, nails, washers, bolts, nuts, rivets and other similar articles.
24. Paper conversion industries.
25. Passenger bus services (interstate).
26. Poultry farming.
27. Printing of books.
28. Production of sawn timber, plywood veneers and other conversion industries.
29. Screen printing on cloth, dyeing.
30. Slaughtering, storage, distribution and processing of meat.
31. Shipping.
32. Travel Agencies.
33. Wholesale distribution.[10]

Of course, the decree did not initiate the transfer of businesses to Nigerians. It is estimated that by 1967 -- five years before the decree was promulgated -- Nigerians owned 56 per cent of the equity of schedule 1 enter-

---

[10]Federal Military Government, Supplement to Official Gazzette Extraordinary, Vol 58, 28 February, 1972 Part A.

prises and 32.4 per cent of the equity of firms in schedule 11. Yet a frenzy of euphoria greeted the promulgation of the decree. The pages of the country's daily newspapers were literally littered with commendations of government action. The various editorial comments gave vent to the mood of the citizens. The Daily Times editorial opinion called the decree "spectacular in many respects."[11] The Daily Sketch, in a highly nationalistic tone wrote:

> To divest the aliens of the potentials of economic force and strengthen the indigenous entrepreneurs is, to our minds, a great milestone next in importance to the winning of political independence... The indigenization of our economy should...be regarded by all Nigerians as a great challenge, a crucial battle to prove the ability of the black man to successfully manage his own affairs either in politics or business, even without foreign expertise.[12]

This and similar sentiments greeted the decree throughout the country, particularly in the urban centers where business firms are generally concentrated and where the indigenous business elites have their main offices. The informed public definitely exhibited an exuberance only matched by the independence euphoria. The decree was seen as a victory for the business elites who have, for years, even decades, yearned for 'meaningful' participation in the development process, or the radical intellectuals who have persistently urged the government to nationalize foreign

---

[11] Daily Times 3 March, 1972 p. 1.

[12] Daily Sketch 1 April, 1974 p. 3.

corporation.

Of course, not everybody shared in the 'euphoria of indigenization,' for not all were agreed that the provisions of the decree went far enough to ensure genuine control of the economy. Even the Daily Times which generally reflects the government's views on topical issues, found some grounds to grumble about the provisions of the decree. Its main quarrel with the decree was the deadline the government gave to foreign investors whose businesses were affected, to comply with provisions of the decree. The decree, as noted earlier, gave businesses affected up to two years to effect the necessary transfers. This, the Times regarded as "unusually liberal." It continued in its editorial opinion:

> Twelve years of political independence was long enough for all well-meaning foreign enterprises with any foresight to have progressively indigenized a substantial percentage of their capital and high level manpower. It says much for the generosity of the Federal Government's policy that such investors have been given another two years to do what they ought to have embarked upon 12 years ago. In other countries, whether in Europe or in Africa, such investors get no notice at all.[13]

The editorial went on to cite examples of countries -- Libya, Algeria, Tanzania -- which 'nationalized foreign interests in sensitive areas of their economies.' This, however, was not a call for outright nationalization, for

---

[13] Daily Times, 3 March 1972 p. 1.

it went on to point out that the examples were "extreme cases." Nevertheless, the Times was expressing a view shared by many informed observers and especially some elements within the indigenous business elites who stood to gain from more drastic measures.

As would be expected, radicals were another group of Nigerians who found the decree inadequate for the realization of the stated goal of economic independence. In an article entitled "Struggling for the Economic Freedom of Nigeria," Ola Oni of the University of Ibadan, criticized the government for adopting a 'gradualist' approach to economic independence.[14] Distinguishing between what he called 'promotional gradualist' and 'patriotic' approaches to indigenization, he contended that the former was inappropriate for such an economy as Nigeria's. He continued:

> The motive of promotional indigenization is to bolster indigenous capital so as to reduce the antagonism between the rising indigenous elite capitalists and foreign monopoly capitalists.... Such indigenization is not in essence opposed to the presence of foreign monopoly capital and so it does not put an end to a neo-colonial economy. Whereas patriotic indigenization will be one whose basic motive is to dislodge entire foreign monopoly capital so as to replace neo-colonial process of development by a patriotic process of development.[15]

He went on as would be expected, to argue that the gradulist approach had b een adopted out of necessity, because

---

[14] Daily Times, 15 April 1972 p. 7.

[15] Ibid. p. 8.

of the structural weaknesses of the state. It was because the state was weak in relation to the private sector dominated by foreign capital, that it chose to rely on the good will of the latter. "Where the private sector...is more economically powerful than the state" he contended, "it is the private interests of the businessmen that must win over state objectives."[16]

Apart from the weakness identified by the Daily Times, as discussed above and the provision for an option of a fine for anyone trying to subvert the objectives of the decree, the legal implications of some of the provisions, e.g., the difference in meaning between the words 'enterprise'(meaning 'organization') and 'enterprises' (meaning 'activities'),[17] and, of course, the radicals, the vast majority of the informed public viewed the decree with favor. Nigerians were united in their hopes if not in their convictions, that a new era of economic prosperity was on the horizon as foreign businesses were transferred to the ownership and control of their compatriots.

The Machinery of Implementation

It is one thing for any government to establish poli-

---

[16]Ibid. p. 8.

[17]For a discussion of the implications of these in law, see Jill Cottrell, "A Legal Approach to Indigenization," New Nigerian, 24 March 1973 p. 5.

cy objectives, it is quite another to fashion out instruments for the realization of the objectives. The government did not, as some commentators charged, rely solely on the good will of the private sector to translate the provisions of the decree into operational reality. In fact, there are reasons to believe that the government anticipated determined efforts by individuals -- native and foreign -- to subvert its intentions, as some of the provisions of the decree readily suggest.

To ensure that the transition from foreign to indigous ownership and control was smooth and orderly, with the minimum of dislocation to the economy and the individuals affected, the decree provided for a Board -- the Nigerian Enterprise Promotion Board -- with clearly defined functions.[18] Membership comprised of representatives from the Federal Ministry of Industries whose Permanent Secretary was to be the Chairman of the Board. Other Federal Ministries represented were: Trade, Finance, Economic Development and Reconstruction, and Internal Affairs. A Representative from each of the three Development and Investment Agencies incorporated in Nigeria -- the New Nigeria Development Company (NNDC), the Nigerian Industrial Development Bank (NDB) and the Western Nigerian Industrial

---

[18] Sections 1-3 of the decree deal with the machinery for implementation, sections 4-9 with the enterprises affected, sections 10-12 with offenses and penalties and sections 13-17 with miscellaneous matters relating to the implementation of the decree.

Investment and Credit Corporation (WNIIC) -- were also invited to serve on the Board.

Section 1 (4) of the decree provided for the appointment of a Secretary to the Board, while section 5 empowers the Board to co-opt any person whose expertise it needs in the exercise of its responsibilities to attend its meetings. This provision enabled the Board to co-opt the Legal Adviser to the Federal Ministry of Industries and a representative of the Cabinet Office (the seat of the Head of the Federal bureaucracy who is the chief adviser to the Federal Government) to be members of the Board. The former's legal expertise was needed in dealing with the various legal issues that arose from the exercise of the Board's powers, while the latter's presence kept the Head of the Federal bureaucracy informed of the goings-on in the Board. This was important, given the political ramifications of the indigenization exercise, such as the distribution -- geographic and ethnic -- of transferred businesses.

At the state level, the decree provided for comittees -- the Nigerian Enterprises Promotion Committees-to oversee the implementation of the decree in the states. The functions of the state committees - headed by the state counterpart of the Federal Board Chairman -- was mainly advisory. Specifically, they were expected to

a) assist and advise the Board on the implementation of the decree

b) ensure that the provisions of the Decree were complied with by any alien resident or car-

rying on business in the relevant state.

c) to recommend to the Board such other measures as may be necessary in the opinion of the committee to enable full effect to be given to implementation of the Decree, and

d) to perform other functions as may be assigned to it by the Board.[19]

Most, if not all, of the decisions of the Nigerian Enterprises Promotion Board were subject to the approval of the Federal Executive Council -- the Federal Cabinet. Some critics of the decree argued against this excessive centralization of decisions, but, as the first secretary of the Board maintained, the criticisms were misplaced. This is because, according to him, such centralization of decisions as provided for by the Decree, has

> obviated, to a large extent, the controversies which decisions taken by the Board would have generated throughout the length and breadth of the country.... Experience has shown that issues stemming from the Decree are so volatile and delicate that only the government of the day could pronounce legitimately on a vast majority of them with some measure of self-confidence.[20]

---

[19] Section 2 (5) of the decree.

[20] V.I. Bello "The Intentions, implementation process and problems of the Nigerian Enterprises Promotion Decree (No 4) 1972" in Nigerian Indigenization Policy: Proceedings of the 1974 symposium organized by the Nigerian Economic Society on the subject - Indigenization: What have we Achieved (Ibadan, The Nigerian Economic Society Department of Economics, University of Ibadan, 1974) p. 11.

As I shall point out in Chapter 6 below, centralization of decisions on the various aspects of the indigenization process might have caused unnecessary delays, not to talk of the inconveniences to both sellers and buyers of businesses, but the logic of 'competitive modernization'[21] necessitated such centralization. The possibility that the Board might succumb to pressures from friends and relatives in the distribution of businesses to Nigerians who want to buy them certainly influenced the framers of the decree to include a provision for decisions of the Board to be subject to the approval of the Federal Cabinet, so that political conflicts arising from the Board's actions may be defused.

The Structure of the Board

To facilitate smooth and speedy expedition of action, the Board's Secretariat was divided into three units -- the Administrative unit, the Inspectorate unit and the Valuation unit. The administrative unit was headed by a senior Administrative Officer of the rank of an under-Secretary, who coordinates the activities of the Secretariat. he was directly responsible to the Chairman of the Board.

---

[21] This phrase was coined by Professor James O'Connell to mean the situation in which elites from the different ethnic groups in Nigeria compete in modernizing their respective communities through education, economic projects, etc. For an explication of the concept in the Nigerian context, see his "The Political Class and Economic Growth" in The Nigerian Journal of Economic and Social Studies Vol 8, No. 1 (March 1966) 129-140

The Valuation Unit was made up of experts from various disciplines: engineers, accountants, lawyers, architects and land officers. The need for a valuation unit was anticipated in the provision that where on or after the specified day, an alien continues to be the owner or part owner of any enterprise in contravention of section 4 or five of the decree, the Board could

a) take over, sell or otherwise dispose of the enterprise, and
b) distribute the proceeds of such sales or disposal if any
   i) in the case of partnership, to the proprietors of the enterprise duly registered as such under the Registration of Business Name Act 1961,
   ii) in the case of companies registered under the Companies Decreee 1968, to shareholders of the company, and
   iii) in any other case, in such manner as may be directed by the Board.[22]

The exercise of this function was the responsibility of the Valuation Unit. It had the responsibility to undertake the valuation of enterprises which had to be taken over by the

---

[22]Section 12 of the decree.

Board for failing to comply with the provisions of the decree.[23] In addition to this statutory function, the unit advised Nigerian businessmen who wanted to purchase businesses which under the decree, must pass to indigenous hands by 31st March 1974 -- the deadline.

By far the most important arm of the Board is the Inspectorate Unit, whose personnel comprised the inspectors of enterprises as specified in Section 6 of the decree. It was the unit to ensure that each affected enterprise complies with the provision of the decree. Prior to the deadline, the inspectors undertook extensive inspection tours aimed primarily at reminding affected enterprises of their obligations under the decree: After the deadline, they concentrated on monitoring the progress of indigenization.[24]

In spite of what appears to be a well designed implementation machinery, the government took further steps to prevent subversion. As a further disincentive to sabotage the intentions of the government, the decree provided for stiff penalties for subversion. Section 10, for instance provides for Nigerians who might be tempted to serve as fronts for foreigners who might be unwilling to sell their

---

[23] According to the Chief Inspector of the Board, very few businesses had to be taken over by the Board, partly because of the extension granted by the government, to those which could not meet the deadline and partly because most businesses complied. Interview with Mr. , in Lagos, July 23, 1979.

[24] V.I. Bello op. cit. p. 12.

businesses. Any person found to be colluding with foreigners to subvert the objectives of the decree, "shall be liable to a fine of 15,000 Naira or to imprisonment".[25] The decree went further to provide for offenses that might not be anticipated or foreseen or foreseeable by the framers. Such offenses carried a penalty of 10,000 Naira or 5 years imprisonment or both.

The institutional structure for the implementation of the decree was not limited to the regulatory or administrative sphere, but extended to the financial as well as the technical sphere. On the financial sphere, the government established the capital Issues Commission in 1973 charged with the responsibility of determining a) the timing and price at which shares or debentures of a public company are to be sold to members of the public either through offer for sale or by direct issue and b) In the case of companies whose shares are already quoted the timing and amount of any subsequent issues by that company of shares or debentures. The capital issues Commission (CIC) was thus to play a major part in the implementation of the decree, especially with regards to public issues.[26] Some critics of the commission have argued that the CIC indeed exceeded the

---

[25] Section 10 (b) iii.

[26] S.O. Asabia: "Share Valuation: The Nigerian Experience" in NEC Proceedings op. cit. p. 20.

already wide powers conferred on it by the decree, by determining also "how many shares previously unquoted companies may offer to the public, by what means, in what manner and within what time limit."[27]

The Lagos Stock Exchange (LSE) though a private independent institution was expected to provide another means for the disposal of foreign shares through the stock market. In doing so, it examined very critically the history of each company seeking quotation, paying particular attention to its audited accounts for the five years preceding the application, as well as its future prospects. It was not surprising that by exercising its unfettered discretion in the application of its rules and regulations -- seen by many as unreasonable and at times capricious -- the LSE discourage many companies willing to contemplate a public issue of shares on the basis of a stock exchange quotation, thus forcing them to enter into private arrangements that vitiated the spirit of the decree. Nevertheless, the LSE played a vital role in the implementation of the decree.

Thus with these institutional arrangements, the stage was set for the realization of the basic objectives of the decree -- the "meaningful" participation (a euphemism for effective control by nationals)in the economic development of their country. Consistent with the government's determination to "acquire and control, on behalf of the Nigerian

---

[27]G.O. Onosode: "Indigenization Decree and its Implementation: Patterns of Shares Acquisition" in Ibid. p. 33.

Society, the greater proportion of the productive assets of the country,"[28] the foundation for economic independence was being laid. At least, this was how the generality of the informed public perceived the situation. In the next two chapters, we examine the extent to which the dreams and aspirations of the government and the people were realized.

---

[28] Second National Development Plan (Lagos, Federal Ministry of Information, 1970) p. 289.

CHAPTER 6

THE NIGERIAN ENTERPRISES PROMOTION DECREE: IMPLEMENTATION.

Levels of Implementation

As has already been noted, the principal agency charged with the implementation of the Nigerian Enterprises Promotion Decree (NEPD) was the Nigerian Enterprises Promotion Board (NEPB). It is true, however, that the government counted very much on the good will of owners of businesses affected, to effect a smooth transition from foreign to indigenous ownership and control. This is reflected in the option given to the companies affected either to sell their shares privately or to the public at large through the Stock Exchange or the Capital Issues Commission. Critics of the decree saw this as a loophole which facilitated the various evasive and sometimes subversive tactics used by some owners of businesses that came under the purview of the decree.[1] The implementation process can be examined at three levels: at the level of the primary instrument of implementation -- the Nigerian Enterprises Promotion Board (NEPB); at two other secondary levels: the Capital Issues Commission and the Lagos Stock Exchange. Before examining the actual implementation, however, it might be useful to

---

[1] G.O. Onosode, "Indigenization Decree and its Implementation: Patterns of Shares Acquisition" in Nigeria's Indigenization Policy: Proceedings of the 1974 Symposium Organized by the Nigerian Economic Society (Ibadan, Nigeria Economic Society, 1974) p. 32.

survey the spectrum of businesses affected by the decree.

Affected Businesses

Estimates range from a conservative 750 to some 3,000 businesses.[2] As the analysis in Chapter 2 shows, the British are the most involved in Nigeria's economy, even though the Lebanese bore the initial brunt of the decree, entrenched as they were, in the retail and distributive trade activities, areas of investment that have, long before independence, been the most attractive to Nigerian businessmen.

As pointed out earlier, Schedules I and II have not been the exclusive preserve of aliens. Nigerians controlled about 56 per cent of paid-up capital in Schedule I enterprises, while the comparative figure for Schedule II enterprises was 32.4 per cent.[3] Alien companies are involved in a wide range of manufacturing, distributive and service activities. These include such long established trading firms like the giant United Africa Company, the successor to the Royal Niger Company,[4] Compagnie Francaise de

---

[2] Daily Sketch 1 April 1974 p. 3.

[3] Sayre P. Schatz, Nigerian Capitalism (Berkely, University of California Press, 1977) p. 60.

[4] The Royal Niger Company served as the initial instrument for British penetration and conquest of mainland Nigeria, until 1900 when an effective colonial administration was established in Lagos. See James S. Coleman, Nigeria: Background to Nigerian Nationalism (Berkeley, University of California Press, 1958) p. 81.

L'Afrique Occidentale (CFAO) and John Holt, as well as large multinationals like Imperial Chemical Industries (ICI), Lever Brothers and Dunlop. By December 1974, 14 of the larger and more profitable companies had gone public. In 1961 only 10 companies were reportedly quoted on the Lagos Stock Exchange. By mid-1975 the number had risen to 36. (See Table 6.1)

Listed under Manufacturing by the Stock Exchange were Aluminum Manufacturing Company of Nigeria, Associated Industries (Soap and Cosmetics) Bata Nigeria Ltd. (Shoes), Berec Nigeria Ltd. (Batteries),Berger Paints Nigeria Ltd., Dunlop Nigeria Ltd., Lever Brothers Ltd. (Margarine), Guiness Nigeria Ltd., Metal Box Company of Nigeria, Nigerian Bottling Co., Nigerian Breweries Ltd., Nigerian Cement Company, Nigerian Textiles Mills Ltd., Nigerian Tobacco Co., Tate and Lyle (Nigeria) Ltd. (Sugar) United Nigeria Textiles, Vono Products Ltd. (Mattresses) and Wiggins Teape (W.A.) (paper conversion).

Under distributive activities were listed the following companies: CFAO (Nigeria) Ltd., Lennards (Lagos) Ltd., Leventis Motors, Patterson Zochonis and Co., R. T. Brisco (Nigeria) Ltd. (vehicles and printing machines) and the United Trading Company of Nigeria. Service activities included Blackwood Hodge, Costain (W.A.) Ltd. and the Daily Times of Nigeria Ltd. Four banks and John Holt Investments Ltd. were also listed.

TABLE 6.1

SCHEDULE OF ORDINARY STOCKS AND SHARES QUOTED ON THE LAGOS STOCK EXCHANGE AS AT 31St DECEMBER,1975

Name of Company	Nominal Value	Offer/ Issue Price N	Issued Ordinary Capital N	Middle Market Price as at 31/12/75 N	Market Capitalisation N
Bank and Financial					
1. Barclays Bank of Nigeria Limited	N1	1.65	14,400,000	2.40 XD	34,560,000
2. Nigerian Industrial Development Bank	'A'N2	2.00	2,040,000	2.00	2,040,.000
3. - do -	'B'N2	2.00	1,960,000	2.00	1,960,000
4. Standard Bank Nigeria Limited	N1	1.65	9,700,000	2.79 XD	27,063,000
5. United Bank for Africa Limited	N1	1,60	8,000,000	1.94	15,520,000
6. John Holt Investment Company Limited	50K	1.00	2,253,934	0.67	3,020,271
Manufacturers					
7. Aluminium Manufacturing Company of Nigeria Nigeria Limited	50K	1.00	1,660,000	0,99	3,286,800
8. Associated Industries Limited	50K	0,60	2,500,000	0.67	3,350,000
9. Bata Nigeria Limited	50K	0.65	3,000,000	0.80	4,800,000
10. Berec Nigeria Limited	50K	1.00	756,000	1.20	1,809,600
11. Berger Paints Nigeria Limited	50K	0,35	1,440,000	1.33	1,830,400
12. Dunlop Nigerian Industries Limited	50K	0.50	6,000,000	1.20	14,400,000
13. Guinness (Nigeria)Limited	50K	1.00	5,000,000	2.15	21,500,600
14, Lever Brothers(Nigeria)Limited	50K	0.55	3,400,000	1.68	11,424,000
15. Metal Box Nigeria Limited	50K	0.52	2,880,000	0.76	4,377,000
16. Nigerian Bottling Company Limited	50K	0.90	2,324,000	1.11	5,159,280

Table 6.1(cont.)

17. Nigerian Breweries Limited	50K	0.90	6,100,000	2.08	XD	25,376,000
18. Nigerian Cement Company Ltd	N2	2.00	8,400,000	3.27		13,734,000
19. Nigerian Textile Mills Limited	50K	1.76	3,800,336	0.56		4,256,376
20. Nigerian Tobacco Company Limited	50K	1.50	15,000,000	0.87		26,100,000
21. Tate & Lyle(Nigeria) Limited	50K	1.50	1,155,836	1.47		3.398,157
22. United Nigeria Textiles Limited	50K	1.60	8,000,000	0,60		9,600,000
23 Vono Products Nigeria Limited	50K	0.50	1,416,668	0.70		1,983,335
24. Wiggins Teape (West Africa) Ltd	50K	0.65	410,000	1.32		1,082,400
Commercial						
25. The Boots Company (Nigeria) Ltd	50K	0.50	500,000	0.90		900,000
26. CFAO (Nigeria) Limited	50K	0.65	5,200,000	0.82		8,528,000
27. John Holt Limited	N1	0.65	7,133,334	0.75		5,350,000
28. Lennards (Lagos) Limited	20K	0.32	270.000	0.47		634,500
29. Leventis Motors Limited	50K	0.80	6,000,000	0.63		7,560,000
30 Paterson Zochonis & Co.(Nigeria)	50K	0.51	2,261,240	0.61		2,758,712
31. R.T. Briscoe (Nigeria) Limited	50K	0.60	2,000,000	0.60		2,400,000
32. Union Trading Company of Nigeria	50K	0.55	6,000,000	0.71		8,520,000
33. UAC of Nigeria Limited	50K	0.40	23,760,000	0.75		35,640,000
Service						
34. Blackwood Hodge (Nigeria)Limited	50K	0.52	1,600,000	1.06		3,392,000
35. Costain (West Africa) Limited	70K	0.50	1,225,000	0.96	XD	2,352,000
36. The Daily Times of Nigeria Ltd	50K	0.85	1,513,814	0.82		2,482,654
			169,058,162			324,149,085

* In cases where more than one offer to the public was made, the price stated is that of the latest.

Source: African Development, (March,1974) p.41

The last and the most publicized company to go public under the 1972 decree was the United Africa Company (UAC). The wide publicity it received derived primarily from its size. The trading conglomerate now includes 13 former companies as subsidiaries: West African Cold Storage Company of Nigeria Ltd., Kingsway Stores of Nigeria Ltd., Kingsway Chemists of Nigeria Ltd., A. J. Seward (Nigeria Ltd. (manufacturer of toiletries and importation and wholesale, marketing of patent medicines), G. Gottchalk and Company (West Africa) Ltd. (wholesale of building materials), Finets Ltd. (Properties), Pan Electric Ltd., African Timber and Plywood (Nigeria) Ltd., Greenham Plant Hive (Nigeria) Ltd., Borpak Ltd. (production and sale of corrugated board cases), Premier Packaging Ltd., G. B. Olivant (Nigeria) Ltd. (importers and wholesalers of general merchandise, including office equipment, electronic data processing equipment, radios and domestic electrical equipment and menswear), and Niger Motors.[5] The UAC itself, until recently, involved primarily in export produce trade, importation and general merchandise, has, in recent years moved into other fields, including sales and service of technical goods (such as refrigeration, air conditioning and catering

---

[5]Compiled from the Files of the Nigerian Enterprises Promotion Board, Lagos, July 1979.

equipment, electrical domestic appliance, electrical contracting materials, civil engineering, electrical and mechanical plants) and the provision of special services, e.g., shipping agency Services and Clearing and Forwarding.

With regards to location, most of the large foreign enterprises affected under Schedule II were based in Lagos, with branches in the 19 states. Most of the Schedule I enterprises in the Northern States were concentrated in a few major centers, especially in Kano State, with fewer numbers in Kaduna and Jos, Capitals of Kaduna and Plateau States respectively.

In the Northern States, Kano State alone contains a large and growing industrial center, second only to Lagos in the Federation. The 1964-65 industrial survey, for instance, showed Kano accounting for 14 per cent of the total industrial output of Nigeria and 47 per cent of the total industrial output of the six northern states, much of which is concentrated in Kano Metropolitan area. Enterprises affected under each Schedule of the decree included some 179 businesses in a wide range of Schedule I activities, and some 257 enterprises in a wide range of Schedule II activities. Businesses affected under Schedule I are rice and milling (1), cinemas and other places of entertainment (9) casinos and gaming centers (2), hairdressing (4), advertising agencies and public relations businesses (2), ordinary garment manufacture (2), clearing and

forwarding agencies (4), assembly of radios, radiograms, record changers and domestic appliances (6), bread and cake making (3) haulage of goods by road (34), retail trade (except departmental stores and supermarkets (116). As noted earlier on in the chapter, most of those engaged in retail trading are Lebanese who ran small family owned shops and mainly concerned with textiles.

For the Schedule II enterprises, the businesses affected include beer brewing (1), bottling soft drinks (1), construction industries (11), cosmetics and perfume manufacture (5), distribution and servicing of motor vehicles, tractors, etc. (21), distribution agencies for machines and technical equipment (14), furniture making (7), match manufacture (1), manufacture of soap and detergents (3), manufacture of suitcases, briefcases, handbags,purses and wallets, portfolios and shopping bags (2), paper conversion industry (2), slaughtering, storage, distribution and processing of meat (2), shipping (2), travel agencies (2), wholesale distribution (155).

In Kaduna State some 27 enterprises with a total of paid up capital of 2 million naira were affected in Schedule I. These were involved in such activities as entertainment, banking, general contracting, hairdressing, and motor cycle repairs. For Schedule II, a total of 85 enterprises were affected, 37 of which were based in Kaduna State with a total paid-up capital of 30.6 million naira. These

were involved in plant hiring and repairing, textile manufacture (2), wholesale textile distribution, including the importation of textiles, fertilizers, stationery manufacture, general printing, electrical and plumbing contracting (locally owned before the decree), electrical engineering, and the manufacture of metal containers. The cost of indigenizing the total 112 enterprises affected in the state was estimated at 14.9 million naira. This included the complete purchase of Schedule I enterprises and the acquisition of 40 per cent of the shares of Schedule II enterprise.[6]

The figures for the other Northern States were a total of 80 enterprises in Benue and Plateau States, and 50 in Bornu, Bauchi and Gongola States. The latter valued at over 3 million naira.

With regards to the Southern States, the bulk of the enterprises affected were in Lagos State mainly in Lagos metropolis. Here the tasks of indigenization were much greater than in Kano, the main difference being in the distribution of enterprises between Schedules. Because of a more active and competitive indigenous private sector, most aliens were already in Schedule II activities. Of those aliens who were still in some Schedule I activities most were small, non-limited, family-owned businesses --

---

[6]Compiled from the Files of the Nigerian Enterprises Promotion Board, Lagos, July 1979.

transport, textile retailing, entertainment and services -- and as such were closed down or had their assets sold.[7]

Implementing the NEPD: The Primary Levels.

At the primary level of implementation — the level of the official instrument — the NEPB functioned as a data collecting and advisory body, though the decree vested it with wide powers against non-compliant expatriates.[8] Shortly after its inauguration in May 1972 the Board mounted a massive Nationwide Propaganda Campaign to enlighten the general public about the aims and objectives of the decree. In addition, it commissioned the newly created Center for Management Education and Training to organize conferences on "Buying and Selling of Businesses" under the decree. A parallel body at the state level was the Nigerian Enterprises Promotion Committee (NEPC), which had the responsibility to channel information to its federal counterpart about local enterprises affected by the decree, to oversee its implementation and to advise and assist prospective indigenous entrepreneurs. The Commissioner of the ministry under whose purview the decree was to be implemented (Ministry of Industries) had wide powers vested in him. He could, for instance, change details of the decree,

---

[7]Paul Collins, "The Political Economy of Indigenization: The Case of the Nigerian Enterprises Promotion Decree," The African Review 4. (December 1974) p. 499.

[8]Section 10-12 of the decree.

e.g., the lists of enterprises, the requirements for any particular type of business and may exempt any company from all or any of the requirements of the Decree. Such exercise of discretionary powers was, however, subject to the approval of the Federal Executive Council. The Commissioner did use these powers occasionally and always with fierce denunciations from the idigenous groups that felt threatened by the alterations, as will be discussed later.[9] The procedure for tampering with the provision of the decree was that the alterations must be published in the Federal Gazette. In addition, the Commissioner could, on the recommendation of the Board, grant extensions of up to six months at a time, with the approval of the Federal Executive Council, a power which he exercised liberally, especially in favor of the giant U.A.C., which was granted extension twice.

After the 31st of March 1974, the deadline for affected enterprises to comply, the Board was empowered to "take over, sell or otherwise dispose of a Scheduled business still in alien hands." This included cancellation of the registrations or business permit of the company, in which case the Decree provides that the Federal Government may become the owners of the assets of the business and no

---

[9]Clearing and forwarding, as well as haulage of petroleum products, were removed from Schedule I to II. This generated such heated controversy that the Commissioner's motive was questioned. See Daily Sketch April 1975. p. 1.

express provision was made for compensation.

Implementation procedures included the requirement that all alien owned enterprises, whether affected by the Decree or not, supply through their respective state Committee and by the end of October 1972, information as to the ownership, activities, number of employees and financial positions. Apart from this it was left to the affected businesses to make their own arrangements for the take over, although the Secretariat acted as the clearing house for putting prospective buyers and sellers in contact. As noted in Chapter 7, the Decree provided for inspectors with the right to enter premises, inspect books and acquire information to determine whether a business is affected by the decree. Between March and December 1974, some 38 inspectors were posted to the States to verify submissions made to the Board and check compliance.

With regards to the Schedule II activities, the most spectacular area of activity in the indigenization exercise was in the Sale of Shares. It is estimated that by the end of 1974 a total of 54,051,000 ordinary shares had been transferred to Nigerian citizens or Nigerian Associations. Thirteen companies in manufacturing transferred 18,831,000 ordinary shares, 8 commercial companies transferred 31,987,000 while 3 companies in the service industries

transferred 3,233,000.[9] Among these were John Holt, which offered 2,853,334 ordinary shares at 1.00 Naira each at 0.65 Naira per share; Paterson Zochonis 1,788,992 units of 0.50 Naira at 0.51 Naira each; R. T. Brisco 1,600,000 units of 0.50 Naira each, and Metal Box 1,440,000 units of 0.50 Naira at 0.51 Naira each. The most spectacular share issue was by the United Africa Company which offered 7,009,000 units of 0.50 Naira at 0.40 Naira each.

Some of the issues were over-subscribed, for example, Paterson Zochonis by 1,399,158, R. T. Briscoe by some 6.5 times, Metal Box by 837,948 applications and the U.A.C. by over 8 times. Table 6.2 below shows the list of companies that went public as of October 1974. Apart from the general public, employees of the issuing companies had shares reserved for them, whilst state governments also bought shares on the Lagos Stock Exchange. U.A.C. set aside blocks of one million shares for each state government, while setting aside 700,800 shares for its employees.[10]

Implementing the NEPD: The Secondary Levels

There are two secondary levels from which to examine the implementation of the decree: one official, i.e., created by the state and the other, private. The former, the

---

[9] S.O. Asabia, "Share Valuation: The Nigerian Experience" in Proceedings op. cit. p. 20.

[10] These figures were compiled from the files of the companies concerned, to which the author was given access by the officers of the NEPB; Lagos, July 1979.

Table 6.2

PUBLIC ISSUES MADE 1ST MAY, 1973 TO 31ST JULY, 1974

(LAGOS STOCK EXCHANGE)

No.	Name of Company (and Date of Prospectus)	No of Shares offered ('000)	No. of Applications ('000)	Total No. of Shares Applied for('000)	Over Subscribed ('000)	No. of times subscribed
1	Guinness Nig. Ltd. 21/5/73	2,000	13.1	6,528	4,528	3.26
2.	Wiggins Teape (W.A.) Ltd. 24/5'73	340	2.3	1,191	851	3.50
3.	Berger Paints Nig. Ltd. 17/9/73	1,153	2.6	3,101	1,948	2.69
4	Nig. Breweries Ltd. 15/8/73	4,200	28.1	11,930	7,730	2.84
5	Bata (Nig.)Limited 17/9/73	2,400	4.4	2,585	185	1.08
6	Blackwood Hodge Nig. Ltd. 20/9/73	1,280	2.5	2,015	735	1.57
7	R.T. Briscoe Nig. Ltd. 6/10/73	1,600	17.1	11,903	10,303	7.44
8	Lever Brothers (Nig.)Ltd 14/9/73	2,720	12.5	6,488	3,768	2.39
9	Metal Box Co. (Nig) Ltd 22/11/73	1,440	2.7	2,328	888	1.62
10	P.Z. (Nigeria) Limited 28/10/73	1,789	4.9	3,188	1,399	1.78
11	Vono Products (Nige.)Ltd. 10/12/73	567	3.2	1,651	1,084	2.91
12	C.F.A.O. (Nig.) Ltd. 15/1/73	1,786	5.5	2,239	453	1.25
13	Nigerian Bottling Co. Ltd 14/12/73	1,400	14.2	5,067	3,667	3.62
14	Daukt Times of Nig. Ltd. 28/1/78	1,101	18.0	5,195	4,094	4.72
15	John Holt Limited 2/4/74	2,853	8.3	8,322	5,469	2.92
16	Costain (W.A.) Limited 13/3/74	852	11.1	5,095	4,243	5.98
17	The Boots Co. (Nig.) Ltd. 6/6/74	400	14.9	4,556	4,156	11.39
18	UAC of Nigeria Limited 11/7/74	19,008	85.5	58,967	39,959	3.1

Source: African Development

Source: African Development (March 1974) p.42

Capital Issues Committee, established in 1962, following the recommendations of the Barback Committee which was appointed in 1959 to advise the new post-colonial administration on ways and means of fostering a share market in Nigeria. Its functions were envisaged as that of developing capital market in Nigeria. Specifically, it was given the duty to "coordinate all issues of capital and to see that each issue fitted into the broad capital requirements of the country." The Committee was to operate on an ad hoc basis initially, its functions being regarded as essentially consultative and advisory."[11]

The replacement of the Capital Issues Committee by the Capital Issues Commission in the heat of the indigenization exercise was necessitated by the institutional weakness of the former, which had no statutory powers but depended mainly on the persuasive influence of its members and the authority of the Ministry of Finance . The need for formal statutory arrangements became more urgent, however, as the activities on the capital market expanded. The indigenization decree provided the added impetus to that expansion and this led to the promulgation of the Capital Issues Decree in March 1973, a year before the indigenization decree was to go into full force. The Decree established the Capital Issues Commission, whose statutory functions were mainly to determine the price of shares and debentures and the timing

---

[11] S.O. Asabia op. cit. p. 19.

and amount of sale.

Consisting of representatives of the Central Bank, the Federal Ministries of Finance, Trade, Industries and economic Development, the Lagos Stock Exchange and 3 independent members from business and financial organizations, (a lawyer and two businessmen) the CIC's role in the indigenization process was secondary because it functioned only if the shares were to be offered to the public . Indeed the provisions of the Decree apply to public companies only, i.e., all companies which do not, by their Articles of Association, specifically prohibit the sale of their shares and debentures to the public. A company was, therefore, not obliged to apply to the Commission if its shares were to be sold privately to a handful of buyers, unless where the prospective parties to the transaction elect to obtain an independent valuation from it.

Provision for determining amount of issue was intended to ensure that issues were brought into the market in such installment as can be conveniently absorbed. Provision in respect of timing was very important, given the low level of mobilizable savings and the need to order priorities in the raising of funds in such a way that maximum benefit was derived from the allocation of capital resources. As a result, the Commission fixed prices for the ordinary shares of only 24 public companies between February 1972 and 1974.[12] But its price policies so incensed owners of businesses for their undervaluation that many made private

---

[12] S.O. Asabia, op. cit. p. 20.

arrangements rather than submit to its authority. Table 6.3 shows the list of applications determined by the Commission between 1973 and 1975.

The other secondary instrument of implementation of the decree was the Lagos Stock Exchange. Incorporated in 1960, following the recommendations of the Barback Committee, it is a private and independent institution whose primary function is to determine which company may have its shares traded in the Stock Market it provides. In doing so, it exercises unfettered discretion in the application of its rules and regulations. It examines very critically the history of each company seeking quotation, with special attention to its audited accounts for the five years preceding the application, as well as its future prospects. For this reason, it is obvious that the more stringent its requirements and the more reputedly capricious the application of its rules, the fewer the number of companies that will contemplate a public issue through the Lagos Stock Exchange.

Some critics argue that the LSE did next to nothing to encourage companies affected by the Enterprises Promotion Decree to seek Nigerian participation through the Stock Exchange. One critic bears quoting on this:

> In fact its (the Lagos Stock Exchange) influence was exerted to scare away well meaning companies, not so much by pursuing rigid policies as by arrogating to

Table 6.3
CAPITAL ISSUES COMMISSION
APPLICATIONS DETERMINED 1973-76

No.	Name of Company	Type of Issue	Number of Issue ('000)	Nomination value	Price Approved	Date Total (N'000)
1.	Arewa Textiles Limited	Offer for sale	200,000	N2.00	N2.00	400
2	Berger Paints (Nig.) Ltd.	Direct Issue	1,153,000	50K	35K	404
3.	Nigerian Breweries Ltd	- do -	4,200,000	50K	90K	3,780
4.	Bata (Nigeria) Ltd	"	2,400,000	50K	65K	1,560
5.	Blackwood Hodge (Nig.) Ltd	"	1,280,000	50K	52K	666
6.	R.T. Briscoe (Nig.) Ltd	"	1,600,000	50K	60K	960
7.	Lever Brothers (Nig.) Ltd	Offer for sale	2,720,000	50K	55K	1,496
8.	Metal Box Co. of Nigeria Ltd	Direct Issue	1,440,000	50K	52K	749
9.	F.Z. (Nigeria) Ltd	"	1,789,000	50K	51K	912
10.	Vono Product Ltd	"	567,000	50K	51K	289
11.	New Nigeria Bank Ltd	"	787	N2.00	67K	527
12.	C.F.A.O (Nigeria) Ltd	Offer for sale	1,786.000	50K	65K	1,161
13.	Nigerian Bottling Comp.Ltd.	Direct Issue	1,400.000	50K	90K	1,260
14.	Daily Times of Nig. Ltd	Offer for sale	1,101,000	50K	85K	936
15.	U.T.C.of Nigeria Ltd.	"	840,000	50K	85K	294
16.	John Holt Ltd.	Direct Issue	2,853,000	N1,00	65K	1,854
17.	Costain (W.A.) Ltd.	Offer for Sale	852,000	50K	50K	426
18.	United Nigerian Textiles Ltd	"	154,000	50K	60K	93
19.	The Boots Company(Nig.) Ltd.	"	400,000	50K	50K	200
20.	Aluminium Man. Co. of Nig.Ltd	"	30,000	50K	92K	28
21.	International Paints (W.A.)Ltd.	Direct Issue	160,000	50K	55K	88
22.	U.A.C. of Nigeria Ltd	Offer for sale	7,008,000	50K	40K	2,803
23.	Lennards (Lagos) Ltd	Direct Issue	950,000	20K	30K	190
24.	I.C.I.(Nig.) Ltd	(Sold privately)	1,333,340	50K	18K	240

Source: NEPB Files,1979.

> itself the role of custodian of all written and unwritten laws and of the nation's conscience.[13]

It is not clear in what ways the LSE arrogated such role to itself except by the stringent application of its rules, but only 22 companies were quoted on the Stock Exchange by January. By the end of December 1975 only a total of 36 companies had been granted quotation (Table 6.1), not an enviable achievement given the potential offered by the indigenization decree. Many companies were scared by its rules. Thus companies sought quotation only as the last resort or if compelled by law. In spite of this, however, many individuals were able to acquire shares to the tune of 109 million Naira through it, and to that extent made a modest contribution toward the success of indigenization. Yet both the LSE and the CIC failed to seize the opportunity provided by the indigenization decree to make shares available to a large investing public, thereby frustrating the egalitarian intent of the decree.

The State and Foreign Capital

The reaction of foreign Capital to the Nigerian Enterprises Promotion Decree spans the spectrum of posssible reactions in such a situation: from outright cooperation

---

[13] G.O. Onasode "Indigenization Decree and its Implementation - Patterns of Shares Acquisition" in Prodeedings. op. cit. p. 34.

and compliance with the provision of the decree to downright subversion. Naturally, capital seeks an investment climate that is free of constraints or regulations with regards to areas of profitable venture. The primary criterion for investment is profit. But capital in foreign land needs the good will of the hosts, especially the host government, as much as, if not more than, the hosts need it. It is for this reason that in the face of growing nationalist demands for government intervention in one form or the other, capital seeks accommodation and readily adapts to changing economic and political environment, subject, of course, to the proviso of profitability. For most foreign investors, the indigenization decree did not come as a surprise. Indeed many investors had, on their own, initiated indigenization, long before the government made it official policy.[14]

But many aliens were unprepared for the axe when it finally fell, and were determined to fight back to keep as much of what they had as possible. As one newspaper editorial put it, "nobody had expected the aliens to get packing without so much as pitch a last fight back."[15] But this observation was not reflected in the State's capacity to deal with the various forms of resistance put up by for-

---

[14] Most of these efforts, however, were directed at indigenizing personnel rather than control and ownership of the enterprises.

[15] The Nigerian Observer 27 Feb. 1974.

eign capital. The mildest form of resistance was the request for extension of the dealine for compliance, especially by aliens in the Schedule II businesses (requiring 40% equity participation by Nigerians). The most publicized of these requests was that by the giant UAC, whose size and dominant position in the economy gives it greater leverage in its bargaining relationship with the government. Its first move was to "liquidate" 14 of its subsidiaries, a decision taken, according to the government gazzette that announced it, "at an extraordinary meeting attended by the representatives of the various companies between May 24 and 27, 1974."[16] Although the reason for this voluntary liquidation was never made clear, it was clear in the minds of many informed Nigerians that the decision was not unconnected with the requirement of 40 percent equity participation by Nigerians in the firms in question. By merging the firms into one giant conglomerate equity participation is limited to one single block of 40% instead of 14 separate blocks of 40% with the implications of greater control by

---

[16]The companies which went into this voluntary liquidation were Greenham Plant Hive (Nigeria) Limited; Permer Packaging Limited; Bordpack Limited; UAC (Technical), (Nigeria) Limited; Finete Limited; Kingsway Chemists (Nigeria) Limited; A.J. Seward (Nigeria) Limited; West African Cold Storage Company Limited; G. Gottschalk and Co. (West Africa) Limited; G. B. Ollivant (Nigeria) Limited; Pan Electric (Nigeria) Limited and African Timber and Plywood (Nigeria) Limited. See Federal Republic of Nigeria, Official Gazzette, Lagos 14 June 1974; The Nigerian Herald 18 June 1974 p. 1.

Nigerians who must be represented on the board of each company. Whatever the reasons for the merger, the UAC had its way, not only with respect to the merger, but also its request for extension of the deadline for compliance.

This was done amidst public outcry, especially against the extension of the deadline, as it gave the impression that the government was caving in to pressures from the multinationals. Some 16 professors from the University of Ibadan joined in the protest by signing a petition to the government which read, in part, "to apply now for an extension of time is to abuse the graciousness and moderation of the Nigerian government and people....For UAC to ask for an extension of time when many companies have obeyed the laws is to question the ability of the Federal Government to govern this country."[17]

The UAC was not, however, alone in requesting for extension. From the states came reports of requests for extension. In Kano State in particular, the State Enterprises Promotion Committee charged its Federal Counterpart of collusion with some aliens to subvert the objectives of the decree by granting extensions to enterprises which had been closed by the State Committee for noncompliance. The Secretary to the State Committee complained to the press that some aliens bypassed his committee and got extension directly from the Board, which is the only competent body to do

---

[17] Daily Times (Lagos) 13 March, 1974 p. 13.

so, but only on recommendation from State Committees. In fact, extensions, (an extension lasts for six months) were granted a second time for some businesses, giving the impression of a deliberate attempt to evade indigenization with official backing.[18] And not unexpectedly, there were rumors of deals with state officials to subvert the Decree. However, investigations reveal that whilst there were pressures to weaken the effect of the Decree, the loopholes in the Decree itself facilitated equivocations and confusion among investors and even in government circles. For example, not many of those involved in the decision were clear about the criteria for Scheduling and many businesses fell in both Schedules simultaneously.[19] This made it easy for investors in such businesses to opt for which ever Schedule was deemed more profitable to classify the businesses into. And it provided many with the incentive to resist.

One form of resistance was to request for exemption from sections of the decree. And once again the government seemed to have capitulated. Thus Thomas Nelson, Evans Brothers and Oxford University Press (Publishers) were granted exemption from compliance, "because of the nature of their activities," the government explained. Because

---

[18] New Nigerian 6 July 1974. p. 12.

[19] Interview with officials of the NEPB. Lagos, July 9, 1979.

the publishing industry is still in its infancy in the country, it is understandable that the government did not insist on compliance by these firms. But other exempttions were less justifiable, such as that granted to Pan Electric, dealers in the assembly of radios, radiograms, record changers and other electrical appliances. It was exempted from the requirement of total transfer of ownership to Nigerians for undisclosed reasons. In all, a total of 15 companies were granted exemption from compliance.[20] On one occasion the government, though the Federal Commissioner for Industries, justified the concessions made to Philips (Nigeria) Limited and Weide and Company Limited by saying that they (Philips & Weide) combine the assembling of radios with the manufacture of radio components, a claim which the Nigerian Electronic and Electrical Manufacturers Association denied in an advertisers' announcement in the Daily Times.

The Association urged the government to resist the pressures for relaxing the requirements for compliance. Phillips and Weide would have had to sell their entire bus-

---

[20]These include Knight Frank and Rutley (Nigeria) Ltd.; West African Drug Company, Limited; Witt and Bush Limited; Development Finance Company Limited; Northern Nigeria Investments Limited; The Monotype Corporation, (Nigeria) Limited; Foundation Engineering (Nigeria) Limited; Foundation Construction Limited; Dunlop (Nigeria) Limited; Nigerian Bottling Company Limited; and the Nigerian Cereals Processing Company Limited. Daily Times 28 March 1974. p. 1.

inesses to Nigerians under the provisions of the Decree, but for the claim that they were engaged in both assembling of radios, etc. and manufacturing of radio components such as resistors, coils and conductors, loudspeakers, electric motors, etc. Concluding its advertised denial, the Nigerian Electronics and Electricl Manufacturers Association stated derisively: "The Federal Government is perfectly free to abrogate the entire Decree No. 4 (the indigenization decree, that is) if she so pleases but we detest the attempt to draw wool across the eyes of 60 million Nigerians into believing that plastic and wooden cabinets are radio components."[21] Here the conflict between foreign and domestic capital was mediated by the State in favor of the former.

Then there were evasions made possible by the liberal naturalization laws of the country. These, many aliens of Levantine origin exploited to their advantage. There were reports of many, especially in Kano where the Levantine community had its strongest base, who naturalized and kept their businesses; others who had a member of their families naturalize and then have such members buy the businesses, in effect keeping them, while others married Nigerian women and thereby escaped having to sell their businesses, since they became Nigerians by marriage. The number involved in

---

[21] Daily Times 25 February 1974.

all these were not very significant, 14 by one count,[22] even though Nigerians who aspired to the ownership of the affected businesses urged the governments under whose jurisdictions these businesses operated to take action against those accused of such evasive tactics.[23]

Government's capitulation was, however, most glaring in the series of amendments to the decree in response to various pressures from affected firms. By the Amendment of June 23, 1973 (Decree No. 28) the government relaxed the provisions on exemptions, leading to a flurry of applications for extensions, a number of which were granted on spurious grounds. By Decree No. 7 of 23 February 1974, haulage of petroleum products was transferred from Schedule I to II and by Decree No. 13 of 21 March 1974 Clearing and Forwarding Agency was transferred from Schedule I (requiring total ownership by Nigerians) to Schedule II (requiring 40% Nigerian participation).

However, all these amendments did not go unchallenged, mostly by those whose interests were adversely affected by the amendments. Thus, the Northern States Transporters Union attacked the decision to transfer haulage of petroleum products from Schedule I to Schedule II,[24] just as the

---

[22] Ankie Hoogvelt, "Indigenisation and Foreign Capital: Industrialization in Nigeria" in Review of African Political Economy 14, (Jan-April 1979) p. 61.

[23] New Nigerian 18 September 1974.

[24] Daily Times 28 Feb. 1974 p. 8.

Association of Nigerian Licensed Clearing and Forwarding Agents protested the transfer of Clearing and Forwarding Agency from Schedule I to II.[25] The protest was not limited to those from those who were directly affected by the amendment. The protesters got a tremendous boost when a member of the Supreme Military Council dissented from the decision to amend the Decree. Addressing a press conference at Ikeja Airport, the late Alhaji Andu Bako, the then Governor of Kano State, warned his colleagues that it would be "an act of bad faith" to amend the decree because of opposition from certain quarters. He went on: "Having taken part in the drafting of the decree, I cannot now be expected to turn round and endorse its amendment at the last minute simply because some people fear that they might suffer as a result of its implementation."[26] This was the only public evidence of disagreement among the central decision-makers. In spite of this dissension and the public protests, the government effected the transfers, an evidence of the State's strength vis-a-vis its domestic apponents.

Other methods of resistance include increasing share capital to 400,000 to qualify as a Schedule II enterprise with only 40% equity participation by Nigerians, while some

---

[25] Daily Express 21 February 1974 p. 5.

[26] Daily Times 14 March 1974 P. 13.

aliens whose businesses came under Schedule I sold them only to become manufacturers' representatives, earning the same income as they used to earn under the old arrangements, but without the risks involved.[27] British, Indians and the Levantines (Lebanese and Syrians) were mostly involved in this form of resistance.

Finally, there was the practice of using Nigerians -- employees as well as influential individuals -- as fronts for the alien businessman. This took the form of the Nigerian agreeing to buy shares in the affected businesses without paying anything, thus changing nothing except the issuance of a share certificate purporting to be the evidence of sale of shares (see Appendix 4 for the list of fronting)[28].

These, then, were the various ways in which foreign capital attempted to subvert the objectives of the decree. On the face of this evidence, it would appear that the

---

[27] Report of the Industrial Enterprises Panel (Lagos, Cabinet Office, Economic Division, March 1977) p. 25.

[28] Interview with the Chief Inspector of the Enterprises Promotion Board, 5 July 1979. According to him, fronting tactics ranged from bank deposit by the frontman into his account with funds probably supplied by the alien owner, to using names of influential individuals with or without their knowledge. Some of these individuals claimed they were not party to the deals when confronted. See Daily Times 28 January 1976 p. 7 for an analysis of "How the Indigenization was beaten."

State caved in to the irresistible pressures of this powerful group. A closer look, however, suggests a different interpretation. A careful reading of the implementation procedure reveals the naivety of the government in relying on the good will of aliens to comply. This may not be an unreasonable expectation, given the fact that they had almost three years advance notice. Thus not only did the government expect them to submit information on their businesses, it gave them the option to dispose of their businesses either through private arrangements in the case of Schedule I enterprises or selling the shares privately or to the public through the Capital Issues Commission or the Lagos Stock Exchange. As pointed out in Chapter 5, neither of these two institutions encouraged the public sale of shares, the CIC by its pricing policies of undervaluation and the LSE by its stringent requirements for quotation on the Stock Exchange. Many aliens thus took advantage of government's liberal policy of relying on their good will for compliance. Although many of them complied with the decree, many others exploited the good will of the government in resisting the order to comply voluntarily, as the cases of evasions discussed above demonstrate.

Having said this, however, the fact remains that the image of a state subdued by the machinations of powerful foreign companies does not stand close scrutiny, judging by the number of companies that filed in their compliance

papers by the 31st of March 1974, the deadline for compliance. According to officials of the Enterprises Promotion Board, 740 out of the 954 businesses which fell under the two Schedules complied by the dealine, representing 77.5 percent of the businesses involved. A breakdown of this shows that under Schedule I activities, 237 of the 326 enterprises affected were fully taken over by Nigerian at a total cost of 20 million Naira. Of the 628 businesses under Schedule II, 503 had complied with the requirement of 40% equity participation by Nigerians, representing an aggregate investment of 60 million Naira.[29]

Thus, the general impression that the statistics of compliance gave, in spite of the forms of evasion discussed above, was that of a successful transfer of ownership and control of businesses stipulated in the indigenization decree(total transfer in the case of businesses under Schedule I, and partial transfer (40 percent equity) in the case of Schedule II enterprises).

This general impression of compliance is further conveyed by the statistics of non-compliance. Out of an estimated 954 affected enterprises, only 120 were reported to have defaulted, distributed across the country as follows:

---

[29]Compiled from the Files of the Enterprises Promotion Board.

Cross River State	2
Kaduna State	7
Kano State	48
Lagos State	28
Oyo State	20
Plateau State	9
Rivers State	3
TOTAL	120

This represents less than 10 per cent non-compliance, certainly not a poor achievement of government's objective. The government was quick to congratulate itself on this achievement. In a question and answer pamphlet prepared by the Federal ministry of Information, the government asked: "Has the indigenization policy of the Federal Government succeeded?" And its answer was unequivocal:

> There can be no doubt that the policy has succeeded, judging by the number of companies which have become indigenized since the Decree came into force on April 1, this year.[30]

The overall impact of this direct attack on foreign capital by the Nigerian military leadership is summed up

---

[30] Caring for the People: Answers on the 1974/75 Federal Budget, Federal Ministry of Information, Lagos, (1974) p. 17.

in the verbal reactions of two representatives of foreign capital. Asked about their view on the indigenization exercise a top bank executive replied: "The decree, no matter how one looks at it, is bound to have a negative effect on investors," while another expatriate businessman, confessing that he did not obtain the price he had expected for his public issue of shares, also admitted "Let's face it, we have had good profits here in the past and we're getting paid, not expropriated. This isn't Uganda".[31]

The State and Indigenous Capital

The most conspicuous fact about indigenous capital in the face of indigenization was its weakness. Apart from this constraint, the indigenous business community welcomed the indigenization decree with hysterical enthusiasm. They responded massively to the government's propaganda efforts to enlighten the public on the opportunities the decree offered to indigenous businessmen.[32] The two pamphlets produced by the Enterprises Promotion Board - "Promotion of Nigerian Enterprise" and "Buying and Selling under the Nigerian Enterprises Promotion Decree" - were avidly read and

---

[31] Alan Hutchison "Last Minute Rush to Indigenize" in African Development (March 1974) p. 43.

[32] Many would-be buyers of businesses attended seminars organized by various state institutions purposely for educating prospective buyers about the procedure for acquiring businesses.

digested by most literate prospective buyers.[33] But, the major obstacle was obtaining the capital needed for effecting the transfer of ownership from alien to indigenous hands. It is this dilemma faced by the indigenous business elite that made them vulnerable to the temptations of fronting for alien businessmen.

For instance, of the estimated 100 million Naira required for implementing the indigenization decree, the indigenous private sector could only provide 20 per cent.[34] This financial constraint made the indigenous prospective buyers of alien businesses not only prey to the latters' subversive tactics, it produced an expectation that would have turned the government into their instrument of private accumulation, for many would-be buyers of affected businesses expected government to buy and hand over alien businesses to them.[35] As Professor Aboyade notes, they tended "to argue that the apparatus of state power existed mainly for them and should be manipulated to the advantge of the entrerpri-

---

[33] At least that is the impression the author got from those interviewed.

[34] Estimates of the financial requirements vary. Some put it at 250 million Naira, others at 500 million. The actual cost of the first phase has been put at 120 million Naira. See Bello. op. cit. p. 14-15

[35] Interview with the Secretary, NEPB, 4 July, 1979. This is not, however, unique in Nigeria. One of the hangovers of colonialism is the conception of government as the source of everything from security to hospitals and even food items.

sing private citizen.[36]

Thus the lack of capital by the intended beneficiaries of the indigenization decree threatened its success. In addition to this threat loomed another: the concentration of wealth in a few indigenous hands as a result of the indigenization program, thus vitiating the third national objective as stated in the Second Development Plan, i.e., creating a just and egalitarian society. For instance, a few wealthy Nigerians devised some ingenious ways to buy as many shares as possible. In one instance one businessman applied for 10,000 shares from each of his 24 bank accounts while another used half a dozen blatant pseudonyms.[37] But this was perfectly legal, because there were no limits on how much an individual could buy. Commenting on this form of desperation Mr. G. Onosode, until recently Chairman of the Nigerian Acceptances Ltd., observed:

> From the upsurge in the demand for shares, a new breed of "professional shareholders" has emerged. In the bid to secure maximum allotment, varying tactics, all of dubious and reprehensible character, were employed, such as changing the profession as well as

---

[37]The occasion was the public issue of R. T. Briscoe's shares by the Nigerian Acceptances Ltd. - one of the issuing houses in the country. See African Development (March 1074) p. 59.

> the order of one's names to produce incredible permutations and combinations; and using the names of pet animals and procuring domestic servants, nightwatch and secretaries as applicants with a view to consolidating holdings through private transfers which ... are contrary to public policy.[38]

But then if the decree had an egalitarian intent, it was not made explicit. If there was a strong case for the critics of those who promulgated the decree, this was it, as will be discussed later.

Responding to the Shortage of Capital

It was in response to these twin threats to the success of the indigenization program that the government launched a program to finance indigenization.

Right from the beginning, however, the government identified three obstacles to the successful implementation of the decree: namely, the problem of financing the purchase of businesses affected by the decree; the problem of inadequate manpower to man the businesses taken over from aliens; and the problem of concentrating wealth in a few hands.[39] Of these, the government was most concerned with the first, primarily because on it hung the fate of the indigenization program.

---

[38] G.O. Onosode, op. cit. p. 36.

[39] V.I. Bello, op. cit. p. 14.

Apart from savings -- whether personal or accumulated business savings -- loans from financial institutions were the only other source of funding indigenization. However, given the low level of personal savings common to underdeveloped countries, and the tendency for accumulated business surpluses to be used mainly for financing internal expansion, it was evident that institutional finance would play a critical role in the process of rapid and sustained indigenization. Potentially, it was the most significant both in magnitude and scope, of all possible sources of funds for the program.

The Financial Institutions and the NEPD

In recognition of this potential role, the government, through the Central Bank, instructed all commercial banks to raise the minimum average of their loans and advances to Nigerians from 35 to 40 per cent.[40] In addition to this policy directive to the commercial banks, the government acquired at lease 40 per cent equity shareholding in the three largest expatriate banks-Barclays Bank ,Standard Bank and United Bank for Africa.[41] The primary objective was to facilitate the access of indigenous businessmen to credit by influencing the operational policies of the giant expatriate

---

[40]It was not until 1970 that the percentage was raised to 35 per cent; prior to 1970 indigenous businessmen had little access to the major expatriate banks, who granted less than 20 per cent of their loans and advances to indigenous businessmen.

[41]This was recently raised to 60 per cent equity share. See the Times of London, 4 October, 1976. p. 10.

banks.

This intervention resulted in the gradual increase of bank loans to indigenous borrowers. Thus as Table 6.4 shows, from 48.8 per cent of total bank loans at the end of December 1970, the proportion of loans to Nigerians rose to 66 per cent at the end of December 1972. Undoubtedly, part of the general increase is not unconnected with the execution of the first phase of indigenization. For instance, it is reported that a total of 40 million Naira was provided by the commercial banks as loans and advances to indigenous borrowers to buy shares or enterprises affected by the NEPD by the end of 1974. This may account for the reported over-subscription of shares, a fact that has not gone unnoticed by the government in its assessment of the success of indigenization.[42]

A less responsive financial institution to the specific needs of indigenization was the Nigerian Industrial Development Bank. Established in 1964, the bank's raison d'etat was to provide medium and long term finances to local private enterprises. The emphasis was, however, on 'local' rather than 'indigenous', which meant that nationalistic considerations were subordinated to the economic criteria of viability and profitability in the bank's lending policy. The minimu capital it can give to any one

---

[42] See Caring for the People. op. cit. p. 17-18.

Table 6.4

Commercial Bank Loans to Indigenous Borrowers.

Year	Number of borrowers	Amount Borrowed	
		N,000	As % of total Commercial Bank Loans
1970	43,564	171,940	48.8
1971	63,107	275,593	65.2
1972	91,949	402,689	66.6

Source: E.O. Ebiefe, "The Performance, Scope and Problems of Commercial Banks in Nigeria as a Source of Financing Indigenous Business," Paper Presented at the Symposium of Financial Institutions and the Business Community. E.D.I., University of Nigeria, Enugu, Dec. 17, 1973.

project is 20,000 Naira, which, therefore, rules out financial assistance to small-scale enterprises. Its assistance has been limited to the industrial and mining sectors of the economy, which means that commercial undertakings are not within its purview. Thus, while its operations have implications for overall industrial development they were of marginal utility for the objectives of the NEPD.

Undoubtedly the NIDB has, over the years, played a crucial role in the development of a virile private industrial sector. But its impact on industrial indigenization has been tangential. As Table 6.5 below shows, the percentage of its total loans to businesses owned by Nigerians declined from 52 in 1967 to 29 in 1969 while the corresponding percentage of loans to businesses owned by expatriates was 48 and 71, respectively. And although the position had changed since 1970 (primarily because of pressure from government but also as a result of mounting public criticism) making the bank's operations increasingly relevant to industrial indigenization, they were and still are, of little relevance to the acquisition of enterprises and shares by Nigerians under the NEPD.

The Bank's assistance usually took the form of either direct subscriptions or underwriting of equity, preference stock or debentures, medium or long term loans to ongoing enterprises and investment in long-term debt instruments having convertability features. With its authorized capital

Table 6.5

NIDB Total Investment in Companies 1964 - 73 by Controlling Interests (₦m)

Year	Total	Nigerian Firms		Foreign Firms	
	N million	N	N	N	%
1964	1.04	0.45	44	0.59	56
1965	1.24	0.41	33	0.83	67
1966	0.11	0.01	7	0.10	93
1967	1.92	0.99	52	0.93	48
1968	1.65	0.36	22	1.29	78
1969	4.42	1.30	29	3.12	71
1970	3. 2	2.81	72	1.11	28
1971	9.90	7.0	71	2.90	29
1972	4.13	3.40	82	0.75	18
1973	10.40	7.90	76	2.50	24

Source: NIDB Annual Reports.

of 10 million Naira,[43] it was unable to meet its commitments to existing businesses and provide loans to finance the acquisition of many enterprises under the NEPD.

It was to expand the scope of institutional lending under the indigenization program that the government established the Nigerian Bank for Commerce and Industry in May 1973. Established by the Nigerian Bank for Commerce and Industry Decree 1973, the bank's principal functions include the provision of equity capital and funds by way of loans to indigenous persons, institutions and organizations for medium and long-term investments in industry and commerce, and the performance of all aspects of merchant and other aspects of banking.[44] With an authorized capital of 50 million Naira, the NBCI also has the facility of a loan capital provided by the federal government, the Central Bank of Nigeria and other approved financial institutions.

With such copious provision of funds, the NBCI was poised for ensuring that government's aspirations with regard to the NEPD were realized. For some reasons, however, the bank was disappointingly not of great help in financing the first phase of indigenization. It gave

---

[43]The Bank has power to borrow up to 3 times the sum of its issued capital, reserves and subordinated borrowings, and this has strengthened its financial position.

[44]The Nigerian Bank for Commerce and Industry Decree No. 12, Lagos (5 May 1973) Section 2 (i).

little or no money at all to individuals to buy shares in companies nor did it play any significant role in the acquisition of businesses under Schedule I of the Enterprises Promotion Decree.

In the first place, the bank did not come into operation until October 2, 1973 - a bare six months before the D-Day for completion of the first phase of the indigenization exercise - typical of the yawning gap between mobilization and institutionalization, of which Hunting wrote. Secondly, the NBCI, like her sister bank the NIDB, does not normally grant applications for loans below 20,000 Naira. In spite of the wide powers conferred on it by the decree that established it, to undertake various lines of banking businesses - commercial banking, merchant banking, and development banking - the NBCI did not provide assistance in respect of mining, merchandising, real estate business, overdrafts, and short-term credit facilities.

Thus the bank gave no loans or overdrafts to Nigerians to buy shares in respect of businesses affected by Schedule II of the NEPD. Its operations relating to this category of enterprises have been restricted, like those of the NIDB, to the narrow business of underwriting share issues to the general public, and up until December 1974, only one underwriting proposal in respect of the Metal Box Company Shares - was undertaken by the bank. Given the over-

subscription of shares, however, even this underwriting turned out to be superfluous.[45]

With regards to the provision of medium and long-term loans and equity capital to indigenous persons and firms, its role was also limited. As of March 31, 1974 the volume of applications for financial assistance received by the bank was as follows:

	No.	₦m.
NEPD Schedule I Business	44	16.6
NEDP Schedule II Business opting to sell entirely to Nigerians	14	3.2
Expansion & New Projects	356	84.2
TOTAL	414	104.0

Of course, the above does not necessarily reflect either the number or the value of bankable projects, nevertheless it is significant that the total number of projects approved by the NBCI up to 31st March, 1974 was 11 involving investments of some 4.0 million naira.

Overall, the demands of the NBCI in connection with businesses under Schedule I and II, both number and value are relatively insignificant, compared with demands for new projects and the expansion of old ones. But when it is realized that the bank's primary interest is in granting assistance to the limited liability companies which at this stage of Nigeria's development is an upopular form of business organization under Schedule I, the share of NEPD Schedule I and II businesses in the approved investments of the bank was further limited. As a matter of fact, only 2

[45] O.Terbia, "Financing Indigenization" in The Quarterly Journal of Administration Vol. IX, No. 2 (January 1975) p.171.

million Naira had been approved in respect of enterprises affected by the NEPD as of December 1974. Since nearly 80 per cent of businesses affected by the decree had reportedly complied by that date, it follows that the bank's role in this first phase of indigenization was negligible, considering the amount of money involved in the transactions.

The analysis so far has proceeded as if the State and the indigenous bourgeoisie were in harmony in the implementation of the NEPD. The fact, however, is that just as the State had to deal with the resistance of foreign capital, so it had to do with domestic capital. Despite the consensus within the country that the indigenization program was a step in the right direction, there emerged, in the process of implementation, fundamental differences between the State and various factions of the bourgeoisie.[46] Some of these have been discussed in the preceding sections. They include the confrontation between the Association of Nigerian Licensed Clearing and Forwarding Agents over the transfer of Clearing and forwarding from Schedule I (total

---

[46]For Marxists these are secondary contradictions, as they are concerned with the sharing of the 'loot' from indigenization among the bourgeoisie, including those who function within the State apparatus, who, in this perspective are incapable of any interest other than their class interest, since only national emergencies unite a people across class lines to pursue a national interest, such as the very survival of a nation. For this position, see Harry Magdoff's comments on Professor Thomas E. Weisskopf's "Captialism, Socialism and Sources of Imperialism " in Steven J. Rosen and James R. Kurth eds., Testing Theories of Economic Imperialism (Lexington, Mass., D.C. Heath and Co., 1974) p. 83. For a similar interpretation of Nigeria's indigenization see Claude Ake, Revolutionary Pressures in Africa (London, ZED Press, 1978) pp. 47-49.

Nigerian control) to Schedule II (40% Nigerian ownership), and the confrontation between the Northern States Transporters Union and the State over the transfer of Haulage of Petroleum Products also from Schedule I to II. In both of these encounters, the State stood its ground, insisting that national interest dictated the transfer, since Nigerian firms involved in these activities had yet to acquire the organizational,technical and managerial competence to provide efficient services to cover the entire country.[47]

The rift within the central decision-makers over these amendments has also been mentioned as part of the pressures on the State to move in one direction or the other. But these were not all the opposition groups the State had to confront. The most powerful of the internal 'enemies' was the Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA), the largest single, though by no means homogeneous, group in the country. It, too, had its brushes with the State, and like other smaller groups, it resorted to paid advertisement in newspapers to make its disagreement with the State public.[48] This tactic usually followed a pattern: written memoranda to appropriate State functionaries followed by meetings with State representatives, during which the position of

---

[47] Sunday Times 24 February 1974. p. 7.

[48] See Daily Times 30 May 1975. p. 4.

each party is stated and in most of the encounters, the State seemed to have prevailed, always using the national interest as its launching pad. If disagreements persisted, as they seem to have done, the group then resorted to paid advertisements as a form of blackmail, in the hope that others will join its cause to pressure the State out of its position (see Appendix for the advertisement by the Association of Chambers of Commerce Industry, Mines and Agriculture.

Consisting of all the entrepreneurial groups in the country, the NACCIMA went to the extent of organizing a conference on indigenization, an occasion it used to articulate its major differences with the State over the indigenization program.[49] Its main disagreement with the State was over the increasing incursion of the State into the private sector, specifically, over the report that the State planned to acquire businesses not taken over by Nigerians when the Decree deadline expired.[50] As the communique puts it:

> While it (the NACCIMA) cannot endorse the present trend of unlimited incursion of the government into business, (it)

---

[49]The conference was held in Kano on April 25 1975. The Conclusions and Communique of the Conference were published in the Daily Times of May 30, 1974, p. 4.

[50]See Daily Sketch 4 April 1973.

> appreciates the need for government participation in certain areas of strategic and sensitive but productive investment.[51]

The communique pledged the support of the Association to the government in participation in such areas, "provided they are selective and the principle of free private enterprise in a mixed economy is recognized as the most desirable profile of the Nigerian economy..."[52]

The State has, not only maintained its stand in acquiring controlling interest in 'strategic' sectors of the economy such as the banking, insurance and the oil sectors, but continues to venture into both the manufacturing and the distributive sectors, in the former through the Nigerian Bank for Commerce and Industry and the Nigerian Industrial Bank, and in the latter through the Nigerian National Supplies Company, which buys scarce consumer goods, such as milk, sugar and other food items, and sells them to the public. Several State governments (e.g., Kano, Bornu, Sokoto, Niger, Rivers and Bendel) bought both businesses and shares through State-owned investment companies.[53] And this continues to be the bone of contention between the State and the commercial and industrial bourgeoisie.

---

[51] Daily Times 30 May 1974, p. 4.

[52] Ibid.

[53] See Hoogvelt op. cit. pp. 61-62 for a discussion on Kano State.

The confrontation between the State and the industrial/commercial bourgeoisie reached antagonistic proportions (despite Marxist denial of antagonistic contradictions between the State and the bourgeoisie) in 1974 following sustained attacks on State functionaries over their insistence that the public interest must be the overriding consideration in the State's attitude to the private sector, and in particular, over the implicit egalitarian intent of the NEPD. In his Budget Speech of that year, General Yakubu Gowon did not mince words in asserting once again the primacy of the national over particular interest. He declared:

> It has never been, and it cannot be, the intention of the Federal Military Government merely to create avenues for a few individuals to grow rich excessively and easily on account of the indigenization decree.[54]

With this declaration, the State succeeded in neutralizing even the most powerful opponents of its policies.

Thus contrary to the thesis of both the "dependistas" and orthodox Marxism, the Nigerian policy-makers demonstrated over and over again that the State as a unified actor has its own "drives, compulsions and aims" that are separate

---

[54]Reprinted in New Nigerian, 2 April 1974, p. 3.

and distinct from the interests of any one particular group. It might be argued that the vacillations of the State during the implementation process, reflected in the various amendments, is an indication of the State's weakness vis-a-vis foreign capital. This is the interpretation not only of radicals but even of the Panel set up to investigate the implementation of the 1972 Decree. While conceding that the concessions constituted a victory for foreign capital, it was victory by default, that is, the concessions were made possible only because State functionaries were led to believe that their liberal approach to indigenization -- such as the 3 year preparatory notice, the option to sell through private arrangement or through the public issue of shares, etc. -- would induce a reciprocal gesture of good will from affected aliens toward the Nigerian people. It took the collective voice of the informed public and the findings of the Industrial Enterprises Panel to jolt the State functionaries out of this naivety, as the combativeness of the Enterprises Promotion Board in the second phase of indigenization attests to. Contrary to the view of the helplessness of the State vis-a-vis foreign capital, it was the latter which was helpless vis-a-vis the State since it had more at stake than the state, hence the resort to various forms of subverting the goals of the Decree.

The 1972 Decree: Success or Failure?

Criticism of the 1972 decree hinges on two issues: The first was the institutional incapacity of the NEPB to supervise the implementation, e.g., its lack of adequate

and competent personnel to ensure that transactions were carried out genuinely. The second was lack of clarity of the Decree itself, leading to confusion not only among buyers and sellers of businesses but even among State officials who had the duty to interpret the provisions of the decree. As the Industrial Panel's report (to be examined in detail in the next chapter) points out unequivocally, these twin deficiencies account for ninety percent of the failure of the first phase of the program.

Critics have rightly pointed to its inegalitarian outcome in light of the country's third national objective. But, as Professor Aboyade rightly points out, the policy posture of the Decree was at variance with the egalitarian objective. This is because the basic position of the plan (the Second National Development Plan) was that it is the public sector (i.e., the State) and not the private sector which should assume the commanding height of the economy. Although this position is till theoretically valid, the indigenization Decree as conceived and implemented from 1972 to 1976 effectively reversed the position. Part of the confusion over the Decree's objective springs from this ambivalence on the part of policy-makers, leading to the "incongruous, if not ludicrous situation of a people (or rather their government) trying to pursue socialist ends with capitalist instruments!"[55]

---

[55] O. Aboyade "Indigenizing foreign Enterprises: Some Lessons From the Nigerian Enterprises Promotion Decree" in O. Teriba and M.O. Kayode eds. Industrial Development in

Yet, when all is said and done, it must be conceded that the 1972 Decree was a success in two major ways. First it dmeonstrated the will, if not the capacity of the Nigerian State to initiate a frontal attack on foreign capital. Whether or not progress is made in this direction depends on those who succeeded the military in the State apparatus. Secondly, in spite of the various efforts -- some successful, others aborted -- by aliens to frustrate the objectives of the Decree, no one can objectively deny the gains that accrued to Nigeria as a whole from the implementation of the Decree.

For instance, there is no denying the fact that the 1972 Decree expanded the terrain of business activities for the indigenous entrepreneurs. Not only were areas previously dominated by aliens now open to indigenous businessmen, the government, through the financial institutions, extended credit to many Nigerians who would otherwise be unable to take advantage of the opportunites created by the Decree. As Table 6.6 shows, a total of 200 out of the estimated 357 companies under Schedule I complied, as confirmed by the Adeosun Panel Report, representing 58 per cent complicane.[55] This meant that Nigerians, as of 30th June 1975 owned 209 businesses more than they did three years earlier, the total value of which was approxi-

---

Nigeria: Patterns, Problems and Prospects (Ibadan, Ibadan University Press, 1977) p. 380.

[55] Report of the Industrial Enterprises Panel (Lagos, Cabinet Office, March 1977) p. 12.

Table 6.6

NEPD 1972 - SUMMARY OF SCHEDULE 1 COMPLIANCES

NATIONALITY	NO OF COMPANIES	AMOUNT OF PAID UP CAPITAL	TOTAL COST OF ACQUIRING ALIEN ENTERPRISES UNDER SCHEDULE 1
			N
AMERICAN	2	240,000	190,000
BELGIAN	1	20,000	20,000
BRITISH	34	2,612,314	4,823,522
FRENCH	2	160,000	100,000
GERMAN	2	140,000	210,000
GREEK	3	89,000	89 ,000
INDIAN	17	318,588	355,358
ITALIAN	7	33,840	33,840
JORDANIAN	1	20,000	22,000
LEBANESE	89	4,087,422	4,473,425
SW SWISS	4	50,200	130,200
SYRIAN	5	359,384	1,309,345
WEST INDIAN	1	4,004	4,004
OTHER FOREIGN (other than Nigerian)	40	1,088,500	1,046,950
TOTAL	200	N9,424,452	N13,007,643

mately 13 million Naira.[56] Of greater significance, however, is the fact that aliens were henceforth barred from engaging in 22 business activities (Schedule 1), thus narrowing the terrain of foreign 'domination'. It is because of these gains that the majority of Nigerians -- government and in the private sector -- seem unwilling to carry economic nationalism beyond the subordination of foreign capital to national direction.

For instance, in a random survey of indigenous business executives in Lagos and Kaduna the respondents were asked whether they prefer outright nationalization of foreign business to partnership as envisaged by the indigenization program. Of the 25 who responded, 21 said no. 2 said yes and 2 were not sure.[57] This overwhelming rejection of the mercantilist option was confirmed in an oral interview conducted between July and August 1979, when 2 out of every 3 Nigerians of all walks of life -- from the janitor in government and corporate offices to the University teacher -- expressed enthusiastic support for indigenization a la Nigeria.[58] Most of the University teachers were, however, critical of the skewed distribution of shares in favor of urban

---

56. Ibid. 13

57. See Appendix 7 for the questionnaire.

58. Questions 10-12 of the questionnaire were asked in the oral interviews. Those interviewed included junior staff of government and corporate offices, 6 government

dwellers. Otherwise they thought the government "had the bull by the horns", and, as one of them put it, "that is the important thing."

With respect to raising the proportion of indigenous ownership of industrial investments, one can again see a definite inroad into what used to be the exlcusive preserve of foreign investors. By making 40 per cent equity participation by Nigerians mandatory in enterprises whose paid-up capital exceeded 400,000 Naira or whose turnover exceeded 1 million Naira, the proportion of indigenous ownership of industrial capital has been raised. As the Adeosun Panel itself stated, 529 out of an estimated 593 companies that were affected under Schedule II businesses complied with the requirement of 40 per cent equity participation by Nigerians (Table 6.7). This represents 89 per cent compliance, at a cost of 109 million Naira to Nigerians. Again, if this is not an achievement one is hard put specifying the criteria of success other than outright nationalization.

The third objective - maximizing local retention of profits -- is a logical derivative of the first and second. For, to the extent that sectors of the economy previously dominated by aliens had become the exclusive reserve of indigenes, and to the extent that businesses under Schedule II were subject to 40 percent indigenous participation, to

---

officials -- two of whom were second rank to the head of the department, 6 university teachers from the universities of Ibadan and Zaria and the Director of the Central Planning Office of the Federal Ministry of Economic Development.

that extent the local retention of profits were maximized. Whereas 100 per cent of the profits in Schedule I businesses owned by aliens were repatriated prior to the Decree, they were now retained in the same magnitude, and whereas 100 per cent of the profits in Schedule II enterprises owned by aliens were repatriated prior to indigenization (and this is the more significant in terms of capitalization) only 60 per cent could be repatriated after the 1972 Decree. (The 1977 Decree has further shrunk this to 40%.) An examination of Table 6.8 reveals the magnitude of profits accruing from Schedule II enterprises.

Although the measure of succes in respect of the fourth objective - raising the level of the local production of intermediate goods -- was not immediately quantifiable, it stands to reason to expect that with the exclusion of aliens from the tertiary and service sectors of the economy, and the existing incentives in the capital goods sector, alien investors are likely to move into what amounts to a fertile ground for them, since indigenous tehcnology as yet lacks the capability to move into the sector.[59] We are thus left with the fifth objective, which, as noted earlier, is the only one in respect of which the Panel's judgment can be justified. To whichever camp of critics one may belong,

---

[59]Many had, in fact, moved into this sector prior to the indigenisation exercise, perhaps in anticipation of the decree. See Sayre P. Schatz, op. cit. p. 41.

except for the left, it cannot be sincerely denied that the Nigerian Enterprises Promotion Decrees -- 1972 and 1977 -- has succeeded in what they set out to do; guaranteeing a greater share of the ownership and control of the economy to indigenes while at the same time making investment attractive for capital in search of profit.

Thus, it seems much of the criticism agains the first phase of the indigenization program have been ill-conceived because little attention has been paid to its concrete achievements. Rather, critics have allowed allegations of fronting, fraud and other malpractices associated with the implementation of the Decree to becloud their judgment. It was in response to these allegations that the government set up an investigative panel in November of 1975. It is the findings of this panel, and the States reaction to them that the next chapter addresses.

CHAPTER 7

THE NIGERIAN ENTERPRISES PROMOTION DECREE: ACHIEVEMENT AND FAILURE

The Industrial Enterprises Panel:

From its very inception, the Nigerian Enterprises Promotion Decree seemed doomed to failure as an instrument for wresting the control of some sectors of the Nigerian economy from alien investors. As a correspondent of Africa Development noted, the decree was a "very Nigerian piece of legislation" with "provision for exemption, argument and interpretation."[1] Thus the various tactics employed by aliens and Nigerians alike to 'beat' the decree could not have been possible but for the loopholes in the legislation itself.[2] By late 1975 it became clear that the impression of successful implementation, created by the statistics of compliance and non-compliance was being challenged by the mounting public outcry over the continued control by aliens, of those enterprises allegedly transferred to indigenous entrepreneurs.

First, the government's own vacillations in the implementation process led to speculations about the motive behind the various ways in which such vacillations were manifested. One of these was the extensions granted to the

---

[1] Alan Hutchinson, "Last Minute Rush to Indigenise" in African Development March 1974) p 41.

[2] Onifade Fajenyo, "How Indigenization Decree was Beaten", Daily Times 26 January 1976. p. 7.

giant conglomerate -- the United Africa Company -- and many other firms which were affected by the decree. One major reason given for extensions was that owners of such businesses were awaiting the outcome of their applications for naturalization. However, officials of the Ministry of Internal Affairs who handled the applications alleged that the issue of naturalization was exaggerated, suggesting there were other unstated reasons.[3] As noted in Chapter 6, public reaction to the extensions was unmistakeably hostile. Then there were the exemptions granted to some companies for reasons many thought were dubious[4] Some companies were exempted according to the Government Gazette, because of the nature of their activities, as Thomas Nelson, Evans Brothers and Oxford University Press,all publishing firms. Others were granted exemptions from some aspect of the decree, e.g., Pan Electric Limited, dealing in the assembly of radios, radiograms, record changers and other electrical appliances, exempted from the provisions of a section of the decree, subject to the indigenization of 40 per cent of its equity shares.[5] Whatever the reason, and some were no doubt genuine, the exemptions only heightened public suspicion of government's motive.

---

[3] Daily Sketch , Editorial Opinion, 27 July 1976, p. 3.

[4] See Chapter 8, Footnote 20 for the list of companies affected.

[5] New Nigerian, 28 March 1974.

Finally, and perhaps most importantly, the decision to alter the Schedules, whether in response to pressures both from inside and outside the government, or from a conviction that national interest dictated it, all but damaged the credibility of the government in its attempt to convince the public that it was determined to pursue a policy of economic independence via indigenization. Two of the amendments relate to the transfer of some businesses from Schedule I to Schedule II, thus making them subject to 40 per cent Nigerian participation rather than total Nigerian ownership and control. Decree No. 7 of 23 February 1974,[6] transferred haulage of petroleum products from Schedule I to Schedule II, the reason given being the need to avert shortage of petroleum products in some remote parts of the country which lacked well organized and properly managed indigenous transportation systems. Decree No. 13 of 21 March 1974[7] widened Schedule I of the Decree by the inclusion of stevedoring and shore handling, but it also transferred clearing and forwarding agency business from Schedule I to Schedule II.

As would be expected, indigenous businessmen affected by these transfers were most vociferous in attacking government action. The amendments were greeted with petitions and

---

[6]Nigerian Enterprises Promotion (Amendment) Decree, 1974.

[7]Nigerian Enterprises Promotion (Amendment) Decree, 1974.

paid advertisements denouncing the amendments to the Decree.[8] They were joined by some government functionaries, such as Police Commisioner Audu Banko, then Governor of Kano State, who openly accused his colleagues on the Supreme Military Council of caving in to pressures from affected aliens.[9] As pointed out in Chapter 6, the State stood its ground in the conviction that the public interest must prevail over particularistic interests. But public criticism, led by Chief Henry Fayemingkun, President of the Nigerian Association of Chambers of Commerce, Mines and Industry, continued unabated.

When, by mid-1974 there was a new paroxysm of anger and frustration evidenced in such press captions as "Twisting Indigenisation Decree", "Nigerianisation ; International Conspiracy", the government could no longer ignore the growing call for an investigation of the implementation of the Decree. Published reports by independent investigators that businesses taken over by Nigerians were still being run by their former alien owners further fuelled the already widespread demand for a probe.[10] Unwilling to risk further erosion of its credibility, the Federal Military Government announced,

---

[8] Both the Association of Nigerian Licensed Clearing and Forwarding Agents and the Northern States Transporter's Union publicized there opposition to the amendments nationwide. See Daily Times 28 February 1974. p. 8 and Daily Sketch 21 Feb. 1974. p. 5.

[9] Daily Times 14 March 1974.

[10] Nigerian Tribune 17 October 1975. p. 2.

on 17 November 1975, a seven-man panel to investigate the various allegations associated with the implementation of the Decree.[11]

The Industrial Enterprises Panel: Terms of Reference

Of the panel's terms of reference, only the following are of relevance to this study:

1) To examine the Nigerian Enterprises Promotion Decree 1972 with a view to

(a) Reporting on its implementation to-date and assessing the extent to which the aims and objectives of the Federal Military Government in establishing the Scheme had been achieved and if not fully achieved, identifying various devices employed in circumventing the provisions of the Decree.

(b) Identifying cases where the basis and spread of ownership are considered to be restrictive and not in keeping with the aims and objectives of the Scheme and recommending a more rational system for the participation by Nigerian citizens and associations in similar enterprises in the future.

---

[11] Members of the Panel were Mr. Oluwole Adeosun (chairman) Alhaji Adebayo Adetunji, Mr. Fred A. Brume; Mr. Olisa Chukura, Mr. Henry O.Omenai, Alhaji A. M. Sango and Alhaji Hamza Zayyad. Except for Mr. Brume and Alhaji Zayyad, all other members were in the Private Sector.

(c) Recommending Amendments to the Decree with a view to expanding the enterprises affected by it, as well as increasing the level of participation in such enterprises.

5.(b) Identification of suspected fradulent sales and cases of fronting under the indigenization Scheme.[12]

The Panel held its inaugural meeting on 3 December 1975, to analyse its terms of reference, devise a strategy for gathering information as well as plan its itenary of tours in and outside the country. It invited memoranda from individuals, institutions, government departments, Trade Unions and professional bodies. It also had consultations with the managements of the Nigerian Industrial Development Bank and the Nigerian Bank for Commerce and Industry -- two financial institutions charged specifically with responsibility for assisting the effective transfer of businesses affected by the decree, through loans and advances; the Lagos Stock Exchange, the Capital Issues Commission and the Secretarial Staff of the Nigerian Enterprises Promotion Board. The Panel paid a one week visit each to Brazil and Japan to, in its own words, "undertake a comparative study of similar institutions" in those countries.[13]

---

[12] Report of the Industrial Enterprises Panel (Lagos, Cabinet Office, Economic Division, hereafter referred to as Report). pp. xii-xiv.

[13] Report op. cit. p. xv.

By February 1976, the Panel had completed its investigation, and on 25th of March the Chairman presented the final report to the Head of State, Lt. General Olusegun Obasanjo.

Findings and Recommendations

The most important conclusion of the panel -- both for the military government which invested so much of its prestige as well as the nation's resources in the exercise, and the student interested in understanding the political economy of development -- is that the indigenization program, as provided for in Decree No. 4 of February 1972, was a failure. As the report puts it:

> The 1972-74 Indigenization Scheme succeeded in a limited way:in the narrower and short term objectives of the Scheme. In respect of the wider national policies and objectives of the Federal Government as enunciated in the Second National Development Plan and which formed the basis for the Indigenization exercise, it is the view of the Panel that the Scheme, as implemented to date has fallen short of expectation (emphasis mine).[14]

This conclusion, which answered to the first of its terms of reference (see Appendix 3) did inflict some bruises on the image of the regime which announced with exhilaration only a few months earlier, that "there can be no doubt that the policy has succeeded, judging by the number of companies which have become indigenized since the Decree came into force on April 1, this year"[15]

---

[14] Report. op. cit. p. 37.

[15] Caring For The People: Answers on the 1974/75 Federal Budget, Federal Ministry of Information Lagos, (1974) p. 17.

An additional dimension of the 'limited' success of the exercise was in raising public awareness about investment opportunities. The report bears quoting on this:

> It is the considered view of the Panel that the only significant achievement of the NEPD was that it created greater consciousness among Nigerians of the potential advantages of investments in stocks and shares, as evidenced by the excessive over-subscription of publicly quoted shares.[16]

This conclusion is, however, contradicted by the analysis of the Decree's achievement discussed in Chapter 6. The Report then proceeds to identify the factors that contributed to the failure of the decree. These were:

(i) the inadequacy of the administrative machinery.

(ii) the basic defects in the Decree and

(iii) the various devices used to circumvent the provisions of the decree, including fronting.

With regards to the machinery of implementation, which is the Nigerian Enterprises Promotion Board, the Panel noted, and rightly too, that, given the enormity of the task, the staffing was neither adequate nor appropriate.[17] Because of this, the Secretarial of the Board was unable to participate effectively in the negotiation for the transfer of the en-

---

[16] Report. op. cit. p. 19.

[17] Ibid. p. 20.

terprises between sellers and buyers. It therefore issued certificates of Compliance merely on the face of evidence presented by a buyer. It could neither verify the consideration passing for every acquisition in respect of which a compliance certificate was sought, nor determine the fairness of the prices agreed upon for the acquisition of shares and businesses and the basis of computation of prices. Even more seriously for purposes of monitoring the transactions, the Board was unable to compile a comprehensive list of all effected enterprises by on-the-spot check but relied mostly on newspaper advertisments. It could not supervise the changeover to ensure that the new owners really took over control of Schedule I enterprises, nor could it maintain adequate and reliable records of all the enterprises affected and monitor the performance of new owners after the changeover.

Added to this institutional defect were the ambiguities in the Decree itself. The Panel identified ten defects which contributed to its failure to achieve the declared objectives, the most important of which were the failure to 'match equity participation with management control', especially in respect of Schedule II enterprises which deprived Nigerians effective participation in management decision-making in the larger commercial and industrial enterprises; the failure to make obligatory the determination, by the Capital Issues Commission, of the prices at which shares of private companies were to be sold, a failure that cost the nation millions of naira through over-valuation of the enterprises acquired

by Nigerians; the frequent amendments to the Decree which "gave an impression that the aims of the Decree were being undermined"[18]; problems of interpreting some provisions of the Decree which created classification problems, the broad definition of Nigerian citizenship which enabled many aliens to retain businesses they would otherwise forfeit to Nigerians, and the liberal approach to the implementation which led to extensions being given to some "foot dragging alien companies which used this period for some clandestine activities" to subvert the purpose of the decree.[19]

Failing to pressure the government into changing its course through bribery, scare stories about the impending "flight of capital" or open threats to close down[20], some of the larger companies resorted to a number of devises to 'beat' the Decree. Some, like the United Africa Company, regrouped their subsidiaries into single conglomerates, thus avoiding their takeover by Nigerians. Others increased their share capital to 400,000 Naira and issued 40 per cent of these shares to Nigerians in order to retain the controlling share, when the law required 100 per cent control by Nigerians if total paid-up capital was under 400,000 Naira, as was the case before the increases. Still others sold their enterprises to natrualized Nigerians of identical nationality to the owners, e.g., a Lebanese enterprise sold to a naturalized (Lebanese) Nigerian. Businesses hitherto unin-

---

[18] Ibid. p. 22

[19] Ibid. p. 23.

[20] The American International Insurance and the IBM Subsidiaries threatened to pull out of the country but later

corporated were incorporated overnight to evade compliance. Finally, and perhaps most pervasively employed, a proliferation of applications for naturalization and, worse still, the use of willing Nigerians as fronts for alien investors who were determined to stick it out for as long as the inadequacies of the instruments of implementation persisted.

Suspected cases of fronting numbered 89, small by itself, but substantial when added to other cases of evasion.[21] There were three categories of fronting:

(i) Those in which no purchase consideration appeared to have passed as indicated in the Board's records; or where enterprises were sold on the basis of payment from future dividends

(ii) Those whose declared purchase consideration is substantial or ridiculously low when the nature and size of the operations is considered and

(iii) Those in which only one person acquired the 40 per cent shareholding in an enterprise, without direct involvement in the company. By involvement is meant "executive responsibility beyond the Board level".[22]

---

decided to stay, though in some changed form.

[21] Table 1.4 of the Report.

[22] Report op.cit. p. 27.

As indicated above, the number of suspected fronting was a mere 89, with the possibility of a few more, probably reaching a total of 100, representing roughly 10% of all affected businesses.

Of the factors identified as contributing to the failure of the Decree, none was more subversive, in the Panel's judgment, than the restrictive pattern of share distribution. "A closer analysis of the pattern of share ownership," observed the Panel, "has indicated...that while many enterprises complied with the letter of the law, many of them failed to comply with its spirit -- the majority of the shares being held by a small number of individuals and companies."[23] This was possible because, as noted in Chapter 6, the Decree left owners of businesses the option either to sell to the public at large through the Lagos Stock Exchange or sell by the private placing of shares. The former method involves the use of one of the two Issuing Houses or Stockbrokers which processed the company's application through the Lagos Stock Exchange and the Capital Issues Commission. The latter method involved direct negotiations with prospective buyers or through professional advisers such as Issuing Houses, Commercial Banks, Stockbrokers, Solicitors and Accountants.

With the stringent requirements for public issue of shares dictated by the Lagos Stock Exchange, the somewhat

---

[23]Ibid. p. 13.

capricious application of its rules and the outrageous price policies of the Capital Issues Commission, many companies were forced to seek compliance with the Decree without going public, thereby frustrating the implicit egalitarian intent of the government.[24] For instance, of the 357 enterprises under Schedule I, only one -- the Daily Times of Nigeria Ltd. -- had its shares quoted on the Lagos Stock Exchange. This only meant that shares of the rest of the enterprises circulated among either relations, friends or individuals who had the necessary political connections to influence share distribution in their favor.

The Schedule II enterprise faired only slightly better; even though a few of them went public. Of the 593 enterprises under this Schedule, only 24 -- approximately 5% -- sold their shares through the Lagos Stock Exchange. And of the 384 companies whose records of shareholding were examined by the Panel, 296 of them (74%) had not more than 5 Nigerian citizens and associations controlling the 40 per cent mandatory equity participation, while 334 companies (85%) had no more than 10 Nigerian Shareholders controlling 40 per cent of the paid-up share capital. Table 7.1 below shows the spread of ownership in the Schedule II enterprises which placed their shares privately. In comparison, the 24 companies which sold their shares through the Lagos Stock Exchange

---

[24] G.O. Onosode, "Indigenisation Decree and its Implementation: Patterns of Shares Acquistion" in Nigeria's Indigenisation Policy, Proceedings of the 1974 Symposium

registered a total of 300,000 shareholders. The United Africa Company alone had 85,000 shareholders following the public issue of its shares on the Lagos Stock Exchange.[25] Thus the behavior of the two critical institutions in the realization of a wider distribution of shares coupled with the liberal provision in the Decree regarding the mode of disposal of shares, contributed, in no small measure, to the restrictive spread of share ownership and added potency to the spate of criticism that forced the government to investigate the implementation of the Decree. Add to this the Nigerian propensity to make quick money, you had a situation in which aliens determined to evade the 'axe' of indigenization found Nigerians willing to aid and abet their 'crime against the Nigerian people'.[26] The government did not hide its frustration on this. In an address to the indigenous business group of the Lagos Chamber of Commerce and Industry on November 2, 1975, the Federal Commissioner for Industries, Dr. Rowland Adeleye, expressed government's disappointment at "the attitude and activities of some Nigerians who, for purely selfish ends, have constituted themselves into economic saboteurs by acting as fronts to foreign business interests who would wish to perpetuate their domination of our

---

Organised by the Nigerian Economic Society (Ibadan, Department of Economics 1974) p. 35.

[25] Ibid. p. 36.

[26] The Nigerian Herald, 31 August 1976, p. 5

National economy." Anticipating the Industrial Enterprises report he warned that "all those involved in such shameful collusion will be found out in time and subjected to the full rigors of the law."[27]

The result of the Panel's report was the promulgation of the Nigerian Enterprises Promotion Decree of 1977.[28] The Panel's recommendations, most of which were accepted and embodied in the new Decree, went beyond diagnoses of the 1972-74 indigenization exercise and its failures. They included the expansion of the scope of Shedule I the increase in Nigerian equity participation from 40 to 60 percent in the Schedule II enterprises and the addition of a third Schedule of enterprises - those which fall outside I and II-- with the requirement of 40 per cent equity participation.[29]

Specifically, the new decree set out to mollify the critics, especially those who persistently accused the officials directly involved in the implementation of the 1972 Decree, of deliberate collusion with aliens to subvert the objectives of the Decree. A comparison of the two Decrees

---

[27]Address by the Honorable Federal Commissioner for Industries: Dr. R.A. Adeleye to the Indigenous Businessmen's group of the Lagos Chamber of Commerce and Industry, Nov. 22, 1975.

[28]Nigerian Enterprises Promotion Decree No. 3, Lagos, 12 January 1977, hereinafter referred to as NEPD No. 3.

[29]The criterion for Schedule III was advanced technology requiring highly trained personnel, e.g., computer industry.

indicates the extent to which the government was determined to prevent a repeat performance of the 1972-74 exercise.

An important difference, perhaps the most significant difference from the point of view of the Nigerian business elite, is expansion of the terrain of business activities reserved for Nigerians. From the 22 in the 1972 Decree, it was enlarged to 40, while Schedule II was expanded from 33 to 57 businesses in which Nigerians must participate.[30] Of more importance, however, is the new additions to the Schedule I enterprises and the increase in the proportion of equity participation by Nigerians in the Schedule II enterprises. Tables 7.2 and 7.3 show the new additions to Schedules I and II, respectively.

Table 7.2 ADDITIONS TO SCHEDULE I ENTERPRISES

1. Cosmetics and perfurmery manufacture.
2. Supermarkets and Departmental Stores having a turnover of less than 2 million Naira per annum.
3. Distribution agencies excluding motor vehicles, machinery and equipment and spare parts.
4. Estate Agency.
5. Furniture making.
6. Manufacture of suitcases, briefcases, handbags, purses, wallets, portfolios and shopping bags.
7. Passenger bus services of any kind.
8. Poultry farming.
9. Printing of Stationery (when not associated with Printing of books).

---

[30] See Appendix 2

10. Slaughtering, storage, distribution and processing of meat.
11. Travel Agencies.
12. Wholesale distribution (of local manufacturers and other locally produced goods).
13. Commercial Transportation (wet and dry cargo and fuel).
14. Film Distribution (including cinema film).
15. Manufacturers Representatives.
16. Indenting.
17. Commission Agent.

Table 7.3 ADDITIONS TO SCHEDULE II ENTERPRISES

1. Supermarkets and Departmental Stores having a turnover of more than 2 million per annum.
2. Banking - Commercial, Merchant and Development Banking.
3. Insurance - all classes.
4. Mining and Quarrying.
5. Basic Iron and Steel Manufacture.
6. Cement Manufacture.
7. Petro-Chemical Feedstock Industries.
8. Fertilizer Production.
9. Pulp and Paper Mills
10. Plantation Sugar and Processing.
11. Salt Refinery and Packaging.
12. Construction Industry.

13. Plantation agriculture for tree crops, grains and other cash crops.

Source: Federal Military Government's Views on the Report of the Industrial Enterprises Panel (Lagos, June, 1976) pp. 9-11

Not only does the enlargement of the areas of business activity for Nigerians satisfy the charge that the 1972 Decree failed to create "sophisticated indigenous entrepreneurial opportunities",[31] the increase of equity participation by Nigerians in the Schedule II businesses from 40 to 60 per cent and the enlargement of the list of business activities under the schedule was a definite response to the erroneous belief by many prominent Nigerians in and out of government, that the Military was incapable of moving decisively against entrenched foreign interests (notably British) in the country. To demonstrate its ability as well as preparedness to act in the national interest no matter whose particular interest was affected, the government added a third Schedule, mainly in the Manufacturing Sector, in which Nigerians must have 40 per cent equity participation.[32] The extension of equity participation by Nigerians to all other businesses thus marked a significant change of attitude to foreign cap-

---

[31] Olu Akinkugbe: Nigerian Enterprises Promotion Decree and Its Implementation" in Nigerian Indigenisation Policy. op. cit. p. 38.

[32] See Schedule 3 in Appendix 2.

ital in this sector. Thus unlike the 1972 Decree, no alien business was unaffected by the new decree, an unequivocal signal to foreign investors that the government was determined to match word with deed, for in the Second National Development Plan, the government had admitted that "it will be naive, indeed dangerous, to hope that in the process of industrial development, a set of national objectives will automatically be achieved by their mere declaration."[33] But it took the demonstrated unwillingness of foreign investors to yield to the encroachments of their hosts on their interests and the public outcry that greeted it to persuade the government that national objectives will not be achieved by "their mere declaration".

Important as the enlargement of the terrain of business activity is to the indigenous business elites, it is the mode of disposal of businesses and shares affected that differentiates, in a decisive way, the 1977 from the 1972 Enterprises Promotion Decree. For, unlike the previous decree, the new one insists that no business nor share can be disposed of privately. The relevant section bears quoting:

> As from the commencement of this Decree, no enterprise to which Section 4 of this Decree applies (whether or not operated by or as a company) and no enterprise to which Section 5, 6 or 7 of this Decree applies which is being operated otherwise than by or as a public company shall be sold or in any manner

---

[33] Second National Development Plan 1970-74 Lagos, Federal Ministry of Information, Printing Division, (1970) p. 289.

> transferred to Nigerian citizens or associations unless the terms and other conditions of and pertaining to the sale or transfer have been approved by the Board.

And with regard to pricing, the Decree continues:

> ...no shares in or in respect of any enterprise to which Section 5, 6 or 7 of this Decree applies...shall with a view to securing compliance (to any extent whatsoever) with the provisions of Section 5, 6 or 7 of this Decree be sold or in any manner transferred to Nigerian citizens unless the approval of the Capital Issues Commission ... has been obtained with respect to (a) the price at which the shares are to be sold or transferred and the timing of the sale and (b) the terms and other conditions pertaining to the sale or transfer, including the manner of the selection of the buyers or transferees or, where applicable the manner of the allotment of the shares among the buyers or transferees.[34]

Thus an important defect in the 1972 Decree was removed, paving the way not only for an effective indigenization process, but, more importantly for the political stability of the country, for a more equitable spread of the shares to be sold. For the first time the egalitarian intent of the program was explicitly underlined by provisions that would permit the state to intervene on behalf of the less privileged members of the society. Workers were specifically identified as a group which the government did not want left out in the ensuing deals. Section II, Subsection 1(d) of the Decree expresses this concern clearly:

> Not less than 10 per cent total equity shares of any Schedule 2 or 3 enterprise or where only a fraction is being sold

---

[34] NEPD No. 3. p. A 22, Sections 9 (1) and (2).

> not less than 10 per cent of the amount of sale is reserved for the employees of the enterprise concerned and of the 10 per cent not less than one-half shall be reserved for the non-managerial staff.[35]

Of more importance to the egalitarian objective of the Decree, however, was the limit put on the proportion of shares in any enterprise that an individual can hold. "No individual" the Decree states in Section II, Subsection 1(i) "holding more than 5 per cent of the equity of an enterprise or holding a portion of the equity valued at more than 50,000 Naira, whichever is the higher, is alloted any further portion of the equity in that enterprise."[36] This certainly was a fundamental attack on the industrial and the commercial elite, many of whose members had vehemently opposed government's attempt to restrict them from acquiring as many enterprises and shares as they had the means to.[37]

One of the causes of the failure of the 1972-74 exercise identified by the Industrial Enterprises Panel was the impotence, both legally and institutionally, of the primary instrument of implementation: the Nigerian Enterprises Promotion Board. This defect was rectified by the 1977 Decree, which now empowers the Board or its state equivalent to (a) "take over, sell or otherwise dispose of the enterprise" and (b) distribute the proceeds of such sale or dis-

---

[35] Ibid. p. A 24.

[36] Ibid. p. A 23.

[37] Leading the attack on government was the late Chief Henry Fajemirokun, generally regarded as the 'Rockefeller' of Nigeria. See the intervie with him on state intervention in the economy, in African Development (April 1974) pp. 15-17.

posal" to the proprietors, in the case of partnerships, and to the shareholders, in the case of companies.[38] Armed with these provisions, the Enterprises Promotion Board and its state equivalents -- the Enterprises Promotion Committees -- possessed ~~the~~ the enabling authority to deal with suspected cases of deliberate delays, evasions or outright subversion of the goals of the Decree. All affected enterprises were expected to have complied by 31st December 1978.[39]

However, these provisions merely represent the static aspect of the exercise. And as the government itself acknowledged when formulating the basic philosophy that inspired the indigenization Decrees, mere declaration of objectives does not automatically transmute them into reality. It is therefore on the dynamic aspect of the exercise, i.e., the actualization of the provisions of the Decree that judgment of its success or failure must be based. Unfortunately, this study terminates at a time too short in the life of the new experiment to make a definitive judgment valid. However, if what has happened since the Decree came into effect on 29 June 1977 is any guide, one can certainly see a determination on the part of the government to match word with deed, to move from rhetoric to action.

Nowhere is this demonstrated more forcefully than in the Board's reaction to the snail-speed at which affected

---

[38] NEPD No. 3. Section 14 (1) p. A 25.

[39] Ibid. P. A 34.

firms were complying. Of the 1,130 companies affected by the new Decree, only 600 had complied by November of 1978 -- just a month before the deadline.[40] Addressing a press conference in July 1978, the Chairman of the Enterprises Promotion Board, Malam Al-Hakeem,gave a stern warning to foreign investors who contemplated resorting to delaying or evasive tactics. While expressing satisfaction about progress made to date, he thanked "the proprietors and representatives of alien enterprises for the cooperation they have given to the Board in ensuring that this gigantic and laudable indigenization scheme is implemented fully and effectively." But he was unequivocal in his denunciation of those alien proprietors who would engage in dilatory tactics and seek extension at the last minute of the deadline. "No extension of time," he warned, "would be granted to any alien enterprise. Any alien enterprise which failed to comply fully with the provisions of the Decree by 31st December will meet with the full rigours of the law."[41]

Earlier on, the Board had reacted sharply to information obtained from its inspectorate division that some alien firms were engaged in such tactics as asset-stripping, voluntary liquidation, etcetera, in an effort to avoid compliance with the Decree. In a press release on May 1, 1978, it stated:

---

[40] Daily Times 18 Nov. 1978. p. 7.

[41] Daily Express 6 July 1978

> The purpose of this statement is to re-emphasize, once again, that all alien enterprises affected by the Decree are expected to comply as going concerns and in the manner stipulated under Section 9 of the Decree. The Nigerian Enterprises Promotion Board regards any asset-stripping, voluntary liquidation and voluntary winding up by alien enterprises affected by the Decree as deliberate attempts calculated to avoid valuation by the Capital Issues Commission and circumvent the Decree.[42]

It "advised" all alien enterprises engaged in the practices to "stop these forthwith and take steps to comply with the provisions of the Decree."[43]

Meanwhile public criticism of the foot dragging by affected aliens were mounting in the press. Indigenous entrepreneurs anxious to buy businesses to be surrendered by aliens increased their pressure on the State through the media. Chief Moshood Abiola, Chairman of the ITT in Nigeria and a very influential man throughout the country, flayed foreign firms for "exploiting the economic situation of the country." Referring to the resistance of foreign firms to indigenizing the top management of their companies, he warned that Nigeria "cannot continue with the present situation in which large sums of foreign currency are transferred abroad every month as personal remittances by expatriates on substantially higher pay and allowances that most of them cannot earn in their home countries whilst qualified Nigerians stay abroad because of lack of encouragement and those at home are

---

[42]Federal Ministry of Information: Late Press Release 593, Lagos, May 1, 1978.

[43]Ibid.

not compensated."[44]

Editorial after editorial in various Nigerian papers called for a tougher stance by the State to force aliens to submit to the requirements of the Decree.[45] Accusations about various malpractices continued to surface in the various newspapers. In one of the most sensational ones, a Warri businessman accused some foreign engineering contracting firms of subverting the NEPD by engaging in transportation which is the exclusive preserve of Nigerians, and called on the Federal Military Government to probe the activities of foreign contracting companies.[46] Such was the sensationalism that characterized reports of subversion of the Decree by one foreign firm or the other that one has the impression that the country was in a siege mentality over the issue of compliance with the indigeniztion decree.

Businessmen were not alone in pressuring the State into a more belicose stance toward aliens accused of foot dragging. Workers took their turns in demanding rapid indigenization, not only of capital but of personnel. Of course, indigenization of personnel was one of the earliest steps in this confrontation between the State and foreign capital, starting with the establishment of the Expatriate Quota Allocation Board in 1968 to supervise the indigenization of management

---

[44] Sunday Times 25 June 1978. p. 4.

[45] For a vitriolic attack on foreign firms still dragging their feet over the order to comply, see editorial of the Nigerian Observer 8 May 1978 p. 3.

[46] Sunday Observer 8 October 1978

in foreign-owned companies.[47] But with the new sensitivity to foreign domination, more subjectively experienced in the power and privileges of the expatriate manager than in the reality of his capital, Nigerian workers joined other groups with vested interest in indigenization. Thus in April 1978, the Senior Staff Association of Texaco Overseas Nigeria Petroleum Company demanded the immediate Nigerianization of top positions in the company. In a letter to the General Manager of the Company, Mr. G. R. Edwin, the association called for the appointment of what they called "effective managers"[48] and not just managers with nothing to manage, a practice Alhaji Shehu Shagari had called a mere "window dressing" when he was Commissioner for Economic Development.[49] This was just one out of many such demands of workers in foreign-owned firms.

The effect of all these nationalistic vitriols against alien 'capitalists' is difficult to measure empirically, but it did create anxiety on the part of many foreign business executives, so much so that they made representations to a number of State functionaries directly involved in the formulation of Nigeria's foreign economic policy. In one such meeting with the Commissioner for External Affairs, he assur-

---

[47]For a detailed analysis of this aspect of the indigenization program, see Carolyn C. Stremlau, Indigenization of Management in Foreign-Owned Firms in Nigeria, Ph.D. Dissertation, Fletcher School of Law and Diplomacy, (Tufts University, 1975).

[48]Daily Times 10 April 1978. p. 20.

[49]Alhaji Shehu Shagari is now the Executive President of Nigeria. His statement was reported in New Nigeria 4 December 1971, p. 12.

ed alien investors again that the indigenization decree was not aimed at discouraging foreign investment in the country, nor was it an attempt to nationalize foreign businesses. Rather, the decree was "an attempt to ensure that Nigerians had a stake in the future of their economy, not by way of expropriation or nationalization but buy way of investing their hard savings in business enterprises...."[50] In another meeting with the Commissioner for Industries (the man responsible for overseeing the implementation of the decree) representatives of alien businessmen were told that "it is not the intention of the Federal Military Government to use the provisions of the Nigerian Enterprises Promotion Decree of 1977 to close its borders against aliens in the development of our economy."[51]

As if these assurrances were no guarantee that their capital was welcome, the Chief of Staff, Supreme Headquarters, then Brigadier Shehu Yar-Adua, welcoming Mr. Claude Cheyson, a Commissioner of the European Economic Community, not only assured foreign investors that they were welcome in Nigeria but stressed the need for European investors to come to the country and "participate actively in the development of the country."[52] He stressed that the indigenization was in the long-term interest not only of Nigeria but

---

[50] The Nigerian Tide, 20 December 1978, p. 11.

[51] New Nigerian, 27 october 1978, p. 1.

[52] The Nigerian Tribune, 29 July 1977.

of foreign investors.

Whatever might have necessitated these remarks, the reality of a strong sense of public identification with the objectives of the NEPD and the possibility of further drastic measures by the State caused some consternation in the minds of alien representatives of multi-national corporations. The combative mood of the Enterprises Promotion Board in monitoring compliance by foreign firms only fuelled an already inflamed situation.

In June, 1978 the Board was forced once again to intervene in the process of compliance, when it had to send out a strongly worded memorandum containing veiled threats to all alien enterprises that were either not complying with the 10 per cent mandatory worker participation in Schedules 2 and 3 enterprises as required by Section II, Subsection 1 (d) of the Decree, or had defaulted because non-management workers to whom at least half of the 10 per cent must be reserved, were unable to pay for the shares. In the memorandum it emphasized the determination of the government to facilitate worker participation through share acquisition in these enterprises, in pursuant of which the Board outlined the various ways in which worker participation could be financed. Alien enterprises were "advised" to explore anyone of the following:

(i) The shares exclusively reserved for the Nigerian employees could be acquired by them from past savings.

(ii) Employees could seek and secure loans from the commercial banks, with or without their employer's guarantee.

(iii) Employer's could secure the loans for employees to pay for the shares from a Commercial Bank or similar financial institution, including the Nigerian Bank for Commerce and Industry and Nigerian Industrial Development Bank.

(iv) Proprietors of the enterprise could lend money to the workers to pay for shares with repayments in the future provided such repayments are not going to be out of the future dividend from the company.

(v) The company, as opposed to its proprietors, could also lend money to its workers to enable them to pay for the shares. As with (iv), repayments cannot be out of future dividends. (This mode of facilitating worker participation was provided for in Section 55 (2) of the Companies' Decree of 1968)

(vi) Where the enterprise already operates an employee pension scheme or a trust, the shares could be acquired through the pension scheme or trust on behalf of the workers.

(vii) A new trust or Pension Scheme could be established through which the shares could be acquired on behalf of the workers.[53]

While some of these "suggestions"[54] may sound preposterous, they underline the Board's determination to implement the Decree both in its spirit and letter. Such was the nationalistic zeal with which the Board scrutinized every detail of the transactions that there was very little room for alien proprietors to maneuver either to beat the most reprehensible aspects of the Decree or to weaken its impact on the margin of profitability. It was for this reason that IBM, in consonance with its global policy of 100 per cent American ownership, decided first, to wind up in response to a government directive to comply with the 40 per cent equity participation required of all enterprises classified as 'high technology' operations. However, it later backed down and decided to continue, albeit in maintenance rather than marketing operations only.[55] Other companies which decided to close down rather than comply with the Decree include -- First National City Bank of New York and Colgate Palmolive, manufacturers of tooth paste. Thus although the government

---

[53]NEPB Memorandum Ref. No. DF 537/s. 2/vol. 1/70, dated 20 June 1978. p. 2.

[54]The memorandum put these suggestions as advice to alien proprietors, but it also made it clear that failure to adopt any one of them to effect worker participation would be interpreted as an attempt to subvert the Decree. See Paragraph 2 of the memorandum.

[55]Business Times, 16 May and 12 September 1978.

"softened somewhat the recommendations of the Board"[56] (i.e., the Industrial Enterprises Panel) no one was left in any doubt that the government was determined to effect indigenization. As the New York Times correspondent noted, the singling out of the banks for compliance by October 1, 1977 rather than December 31, 1978, is one indication that the military leaders and their advisers wanted to ensure that the objectives of the Decree were not again aborted through lack of adequate funds. Although General Obasanjo, the then Head of State, explained this discriminatory provision in terms of "the crucial nature of banking institutions to the success of the indigenization effort and indeed the health of the Nigerian economy"[57] the actual reason for limiting the time for compliance was not unconnected with the banks' history of discriminatory practices in favor of expatriates and their orientation toward short-term profit which did not coincide with government's development objectives. By acquiring 60 percent equity in the banks the government has additional leverage to ensure that loans go to productive sectors of the economy that need money but are not attractive to lenders, e.g., agriculture.

As with the 1972 Decree, both indigenous and foreign capital reacted predictably, the former with bubbling alacrity, the latter with grudging acquiescence. Not unexpect-

---

[56] New York Times, Oct. 30, 1977. p. A 10.

[57] Ibid.

edly, resistance again took various forms, but they were less successful primarily because of enhanced capacity on the part of the Nigerian Enterprises Promotion Board, government's determination, and, of course, the margin of profitability that remains attractive to foreign investors. As the New York Times correspondent observed in respect of the banks, compliance must be seen more in terms of the long-term opportunities which the Nigerian economy presents. "In capitulating to the government's demands" notes the correspondent, "the foreign banks were clearly motivated by the temptation to maintain a presence here, however minimal. They are looking to the day a year or so from now when Nigeria, whose imports are skyrocketing and whose capital needs go up with each new development project, will go into the overseas money market. They want to be in on the ground floor," (my emphasis).[58]

This strategy of 'minimal presence' paid off for the banks, for some of them, among them Chase Manhattan, became the principal agent for Nigeria's 1 billion dollar loan from the Euromarket.[59] The expansion of economic activities that would likely follow would, no doubt, mean new opportunities for those foreign investors that chose to stay, no matter how 'minimal' their presence. It is not impossible that such calculations influenced IBM's decision to remain, even if it meant confining its operations to maintenance.

---

[58] Ibid.

[59] West Africa 30 October 1978 p. 2151.

Thus by January 1979, the combative chairman of the Nigerian Enterprises Promotion Board, Mr. Al-Hakeem, disclosed to newsmen that only 80 of the approximately 1,200 enterprises affected failed to meet the deadline of December 31, 1978. In the process, 350 million Naira worth of shares and businesses were transferred to Nigerians,[60] a testimony to the resolve of the Nigerian military leadership . Whether the nationalistic momentum of the military regime which enabled it to prosecute the indigenization program will be maintained by the new civilian administration is a matter for speculation. What is clear from the information presented here is that the military leaders have won a decisive battle in the prolonged war of national economic and political independence.

The Internal Consequences of Indigenization

A policy of this import cannot but produce significant impact on both the economic and social landscape of the country. One of the most glaring social impacts is the conflict of interests that have surfaced in the process of implementing the indigenization Decree. These conflicts have had two bases: Sectional and geographical, and can be reduced to five. First there is the public-private sector sector conflict discussed earlier, in the form of a sustained attack led by the late Chief Henry Fajemirokun, then Presi-

---

[60] Daily Times, 22 January 1979. p. 32.

dent of the Lagos Chamber of Commerce and later of the Association of Nigerian Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA), on any form of State intervention beyond the provision of infrastructures and the supply of loan capital to the private sector.[61] Then there was the conflicts of interest within the indigenous business class itself. Criticism came from business organizations outside the Chamber of Commerce and Industry -- most notably from the Nigerian Chamber of Indigenous Contractors -- about the narrow base of the State Enterprises Promotion Committees -- on which they had no representation.

Thirdly there was and continues to be conflicts between businessmen and bureaucrats as competing beneficiaries of the indigenization exercise. There were complaints about the position and role of civil servants on the State Enterprises Promotion Committes. Some civil servants went into voluntary retirement either prior to, during or after the implementation of the Decrees, and many are known to be successful businessmen today. Although the involvement of civil servants in business is inevitable in a society like Nigeria, where the State is a main source of domestic capital and its accumulation, the indigenization program is believed to have given them a rare opportunity to use their contacts within the governmental structure to their advantage. A glaring example

---

[61] African Development (March 1974) p. 15.

is the case of the Kano State where the commissioner for Trade and Industry relinquished his post in 1972 in order to prepare for the indigenization decree,[62] and where there were allegations that some aliens were making arrangements to sell their businesses to State officials.[63] As Paul Collins observes, the conflict is rooted in the fact that "some businessmen who previously competed among themselves for State patronage now find themselves in competition with enterprising State officials and from a considerably disadvantageous position in the case of the NEPD."[64]

The fourth conflict of interest had a geographical base. At the interstate level, businessmen trying to buy up alien enterprises affected by the Decree had their applications turned down because they were not based in or originating from the state concerned. Thus a businessman of Kwara origin who applied to buy a bread-making enterprise in Kano was turned down on the grounds that he was not from Kano.[65] This was more evident in the Northern than in the Southern States. Although the creation of states broke up the former Regions and reduced the possibilities of North- South polarization, there is still concern in some of the Northern States

---

[62] New Nigerian, 4 October 1972. p. 11.

[63] New Nigerian 6 June 1974.

[64] Paul Collins, "The Policy of Indigenization: An Overview" in The Quarterly Journal of Administration IX, 2 (January 1975) p. 146.

[65] From personal interview.

about "renewed expansionism from certain of the industrially and commercially more advanced parts of the South"[66] The easy access of Southern-based businessmen to the National Bank for Commerce and Industries have only aggravated Northern apprehension. This is why some of the Northern State governments bought up businesses and shares in order to fill a vacuum which might have otherwise been filled by non-indigenes.

Finally, and more ominous for the future stability of the State, there is the growing inequality of income between the urban dwellers and the rural areas on the one hand and between the new industrial and commercial bourgeoisie and the proletariat on the other.[67] All these are conflicts endemic in this transition from foreign to indigenous control, conflicts that are increasingly engaging the attention of the State.

All these notwithstanding, the fact remains that a decisive start has been made towards 'liberating' the Nigerian economy from the domination of foreign capital, confirming my thesis that the structures of international capitalism are no deterrent to the State in a developing society to take the national economic bull by its horns. As Wallerstein rightly

---

[66] Collins, op. cit.

[67] For an incisive analysis of the problem of income disparity resulting from the indigenization program, see F. Olu Okediji, "Indigenization Decree and Income Distribution: The Social Implications" in The Quarterly Journal of Administration IX, 2 (January 1975) pp. 149-157.

points out, the possibility is there, even if circumscribed by these transnational structures. What is needed is the sustained will to "seize" the chance.[68] Nigerian leaders chose to seize it when they saw it and have succeeded in subordinating the international forces of liberalism to the local forces of nationalism.

---

[68] Immanuel Wallerstein, "The State and Social Transformation: Will and Possibility." in Politics and Society, 1, 4 (May 1971) pp. 359-364.

CHAPTER 8

CONCLUSION

Like all scholarly investigations, this study makes some fundamental assumptions. One of these is that Nigerian leaders like their counterparts in other nations, whether advanced industrial or underdeveloped nations - want to minimize the negative effects of their participation in the international system. Put in another way, central decision-makers in Nigeria recognize the constraints imposed by the international system on their capacity to act in consonance with the national objectives enshrined in the Second National Development Plan.[1] Of the five objectives - a united strong and self-reliant nation, a great and dynamic economy, a just and egalitarian society a land of bright and full opportunities for all citizens and a free democratic society - only one (the fifth objective) is not directly related to the question of the economic power of the country. This suggests the importance Nigerian leaders, like most third world leaders, attach to the economic base of national power.[2] It is for this reason that I insist on the primacy of economics as

---

1. Second National Development Plan 1970-75 (Lagos, Federal Ministry of Information, 1970) p.32

2. For an elucidation of the relationship between power and wealth see Klauss Knorr, Power and Wealth: The Political Economy of International Power (New York, Basic Books, 1973) esp. Ch. 4

a crucial variable in the complex internal and external factors that influence foreign policy decisions. Hence the linkage between internal development and foreign economic policy.

Summary of Findings

It is this linkage that this study seeks to demonstrate in examining the foreign economic policies of the military regime from Gowon to Obasanjo. It was pointed out that the advent of the military brought what appeared to be a radical shift in Nigeria's foreign economic policy. My hypothesis is that the shift signalled a new phase in a continuous process: the process of increasing domestication of private foreign investment. It reflected the response of policy-makers to the contradictory pressures of nationalism and internationalism.

That response must be seen, however, not as a desperate attempt to appease individuals and groups representing these forces within or outside the country but as another phase in the actualization of a long-standing objective: the creation of "a land of bright and full opportunities for all citizens" and a "united, strong and self-reliant nation" capable of independent action in pursuit of national interest.

I have used the concept of national interest not as the aggregate of the particular interests of the Nigerian Society but as the presumed interest - objective as well as subjective - of a national collectivity, (of which the state is the most fundamental political expression) in the survival, growth and expansion of the whole. In the specific context of Nigeria, this means the pursuit of those policies that enhance not only the survival of the nation, but promotes the welfare of its citizens. The indigenization decree crystalized the commitment of the central decision-makers to the pursuit of this primary objective of economic prosperity for all citizens, by serving notice to foreign multinationals which had hither to dominated and controlled the country's economy since the colonial era, that the time had come for that control to shift into the hands of nationals.

In Chapter 2, the historical background to this nationalistic assertiveness was analysed. It was pointed out that British Colonialism had produced an economy that was in essence, an appendage to the British economy. And this condition had been decisive in shaping Nigeria's post-colonial policies - internal as well as external- until the advent of the military.

Partly because independence was won without bloodshed, and partly because of ideological affinity, Nigeria's foreign policy in general, and foreign economic policy in particular, had been that of fostering strong ties-economic

and political-with Britain and the West.[3] And this had necessitated, as we noted in Chapter 3, the formulation of policies aimed at consolidating this relationship, and leading to the paradoxical situation in which Nigeria was politically non-aligned but economically aligned to the West. As the analysis in Chapter 4 demonstrates, this 'structural dependence', represented in the preponderant control of the economy by foreign corporations, could hardly have been tolerated for long by any set of leaders, giving the rising tide of domestic and international pressures. The Nigerian Enterprises Promotion Decree was the response to these essentially complementary, but at times conflicting pressures.

An examination of the indigenization decree in Chapter 5 reveals an institutional incapacity as the main cause of the partial success of the state in effecting its provisions, leading to the establishment of an investigative panel whose report prompted the Nigerian Enterprises Promotion Decree of 1977. With the removal of the major defects in the 1972 Decree, the

---

3. The late Premier of Northern Nigeria, whose party was the senior partner in the post-independent coalition government, told the then Prime Minister of Britain, Harold MacMillian who was visiting his region during the 1959 elections "The Conservatives won in England and the Conservatives also won in Nigeria" to press the point of ideological aristocratic similarity between the two countries. See C.S. Whitaker, The Politics of Tradition: Continuity and Change in Northern Nigeria: 1946-66 (Princeton, Princeton University Press, 1970). p. 353

Enterprises Promotion Board was able to effect a genuine transfer of total ownership of businesses which indigenous entrepreneurs were deemed capable of running successfully (Schedule I) while the huge multinationals with advanced technological and organizational operations were forced to sell majority shares to Nigerian individuals or institutions. The wide-spread sale of shares that followed the promulgation of the 1977 decree and the ruthlessness with which the Enterprises Promotion Board performed its duties as analysed in Chapter 7 testify to the effectiveness of the transfer. The rationale for this approach to regaining "paradise lost" is summed up in speeches by General Yakubu Gowon, former Head of State, during his state visit to the United Kingdom in June 1973. At the Royal College of Defense Studies he declared:

> We are consolidating our political independence by doing all we can to promote more participation by Nigerians in our economic life while attracting more investment in sectors of the economy where Nigerians are not yet able to rely on themselves. 5(my emphasis)

Later on that same day he elaborated that the decree was intended to encourage genuine foreign investors whose contribution in terms of capital and expertise, Nigeria will "still and shall continue to welcome most fervently." [5] This same theme of "partnership in progress" with foreign investors has been dominant in the

5. Reprinted in New Nigerian June 15, and 18, 1973.

speeches of the various government functionaries directly involved in the indigenization exercise from the Commissioner for Trade and Industry through the Commissioner for External Affairs to the last Head of the Military Government - General Obasanjo. [10]

Thus, by steering a middle course between liberal internationalism and mercantilism, between that is, an open economy of the pre-independence era which gave pre-eminence to foreign monopoly capital, and a closed economy which would make the country inhospitable to foreign private capital, the government has succeeded in muting the contradictions inherent in their symbiotic coexistence. For in spite of the greater success in the implementation of the 1977 Decree - a success made possible by improvements in the legal framework within which the Nigerian Enterprises Promotion Board's enhanced power was resolutely exercised - there has been no noticeable flight of capital. Nor have the predictions about the scarcity of new capital come true. On the contrary, new investors have been active in exploring

---

6. On the occasion of launching the two pamphlets produced by the Secretariat of the NEBP, the Federal Commissioner for Industries declared: "Our indigenisation program is not intended to drive out affected aliens in our midst. Affected aliens who have to sell out their businesses completely are still welcome in the more sophisticated areas of the economy. In truth what the alien proprietors of such enterprises are expected to do is to re-invest in other sectors of the economy after selling their businesses. No doubt foreign investments are still welcome and are being consciously encouraged." (my emphasis)

new areas of investment, as reflected in the highly successful trip of a U.S. business team led by the former Ambassador Andrew Young which netted in over 300 million dollars in business to American corporations. Also, the active involvement of foreign banks (mainly British, American, and German) in the negotiation of a 1 billion dollar loan from the Euro-market, is a testimony to the revitalized confidence in the Nigerian economy. This, in spite of the requirement of 60 per cent equity participation in the Schedule II Enterprises, and a 40 per cent participation in the Schedule III Enterprises. Table 8.1 shows the flow of foreign private capital from 1961 to 1974. The steady rise in the inflow of foreign capital proves the"flight of capital" thesis wrong.

Theoretical Implications

What practical and theoretical lessons can we draw from the Nigerian case. The fundamental question which the study addresses is whether a neo-colonial dependency, such as Nigeria before the military, can conceivably act to change its national profile. That is, is dependency a choice or necessity? The answer which is explicit in the following analysis is that it is a matter of choice. I started out with an empirical observation:

Address by the Federal Commissioner of Industries on the occasion of launching the pamphlets "Promotion of Nigerian Enterprises" and "Buying and Selling Under the Nigerian Enterprises Promotion Decree", (Lagos, Fed. Ministry of Industries., 14 Feb., 1975)

Table 8.1

Flow of Foreign Private Capital By Country of Origin (in million)

	United Kingdom			United States			Western Europe (excluding U.K)			Others (Unspecified)			Total		
	Inflow	Out-flow	Net-flow	In-flow	Out-flow	Net-flow	In-flow	Out-flow	Net flow	In-flow	Out-flow	Net-flow	In-flow	Out-flow	Net flow
1961	32.8	5.2	+27.6	14.4	2.6	+11.8	13.6	1.8	+11.8	3.4	-	+3.4	64.2	9.6	+54.6
1962	16.8	11.0	+ 5.8	9.0	1.0	+ 8.0	15.2	1.4	+13.8	8.8	1.0	+7.8	49.8	14.4	+35.4
1963	45.8	11.8	+34.0	13.4	2.6	+10.8	28.8	2.0	+26.8	4.4	0.2	+4.2	92.4	16.6	+75.8
1964	99.4	43.4	56.0	32.8	2.8	+30.0	36.2	5.6	+30.6	13.6	4.2	+9.4	182.0	56.0	126.0
1965	105.6	63.6	42.0	39.6	2.2	+37.4	47.8	27.2	+21.6	13.0	3.6	+9.4	206.0	95.6	110.4
1966	101.0	49.8	51.2	16.2	1.8	+14.4	47.4	20.2	+27.2	9.2	3.2	+6.0	173.8	75.0	+98.8
1967	33.4	41.6	8.2	59.4	3.0	+56.4	9.8	10.4	+0.6	4.4	8.6	4.2	107.0	63.6	143.4
1968	68.0	27.2	+40.8	18.8	0.4	+18.4	11.6	5.8	+5.8	8.0	-	+8.0	106.4	33.4	73.0
1969	36.2	46.0	-9.8	56.2	54.2	+2.0	39.4	14.8	+24.6	18.8	4.0	14.8	150.6	119.0	+31.6
1970	96.6	47.2	47.4	73.6	48.2	+26.4	58.0	28.4	+29.6	23.8	5.6	18.2	251.0	129.7	+129.6
1971	207.0	59.6	447.6	151.4	44,0	107.4	92.6	56.4	+36.2	38.4	10.0	+28.4	489.6	170.0	+319.6
1972	236.0	58.3	177.7	17.1	67.8	-50.7	150.9	44,9	+106.0	28.8	13.5	+15.3	432.8	184.5	+248.3
1973	265.8	174.6	91.2	174.3	153,0	+21.3	91.7	43.5	+48.2	46.9	14.1	+31.9	577.8	385.2	+192.6
1974	119.7	147.8	-28.1	159.0	-7.9	177.6	128.0	+44.6	63.7	24.0	39.7	507.1	458.8	158.8	+48.3

Source: Central Bank of Nigeria, 1968 and 1976.

that Nigeria's foreign policy in general and foreign economic policy in particular, took a radical turn with the inception of military rule, culminating in the promulgation of the Nigerian Enterprises Promotion Decrees of 1972 and 1977. From this observation a number of questions were raised. First, did the radical posture of the military leaders indicate a fundamental change in Nigeria's foreign policy? If it was, what were the internal and external determinants of the change? If it was not, how can the military's radical stance and the Nigerian Enterprises Promotion Decree which crystalized it be explained? The answer to the first question, running through this analysis is that the Nigerian Enterprises Promotion Decree was not a prelude to a fundamental volt-face in Nigeria's external behavior. Rather it reflected a basic change in the mode of articulating a long-standing issue of national interest while preserving a basic continuity in an established intellectual philosophy of economic planning, rooted in "capitalist empiricism marked by its pragmatism and piecemeal approach to economic and social problems."[7] The crystallization of military radicalism in the NEPD was enhanced by the conjuncture of national and inter-

---

7. Bade Onimode, "A Critique of Planning Concepts and Methodology in Nigeria", in Review of Black Political Economy, Vol. 7, No. 3 (Spring 1977) p.297.

national forces. Of these the international constellation of forces was as important as the national forces in effecting what was perceived by many as a fundamental shift in Nigeria's foreign policy. The rest of this chapter is devoted to explaining the shift in this mode of articulating the national interest. This will involve the choice of an explanatory model that most adequately explains Nigeria's foreign policy behavior. This will be done by considering competing explanatory models, beginning with the dependency model.

The central thesis of the dependency school, as noted in Chapter 3, is that the structure of the international system - a structure of institutions, classes and power arrangements - produces a "conditioning situation" whose dynamic process is imperialism. Defined as "an institutionalized system of control" imperialism is said to "systematically shape the institutions and structures of dependent, dominated countries and limit their freedom of action, if they are to avoid the system's sanctions, to system-defined alternatives."[8] Since imperialism is generally associated with the expansion of the western capitalist mode of production from Europe and America to the underdeveloped regions of the world, the conclusion is that the contraints imposed by this international economic system preclude "possibilities of transformation" because "the framework of the capitalist world system limits critically, the possibilities of transformation of the reward system within it, since disparity of reward is the fundamental motivating force of the operation of the system. Immanuel Wal-

8. Dale L. Johnson, "Dependence and the International System" in James D. Cockroft, Andre Gunder Frank, and Dale L. Johnson, Dependence and Underdevelopment: Latin America's Political Economy (Garden City, New York, Double Day, 1972) p. 91

lerstein makes this point most poignantly:

> If the USSR with its relatively strong pre-revolutionary industrial base, its firm political control over external trade and internal wages, and its enormous size has, . .. barely made it into the core of the world economy, what hope is there for semi-industrialized countries . . . as the Brazil, the Chile, or the South Africa of today. . .to expand their market ...sufficiently to transform their role in the world economy. (my emphasis) 9

Timothy Shaw and Malcolm Grieve are even more specific. "Even if a group of African leaders successfully overcome their inheritance of political, economic and social dependence" they assert "the logic of contemporary international exchange mitigates against autonomy and self-reliance.[10]

The dependency argument, as noted in Chapter 1, is rooted in the Fanonian premise that the bourgeoisie in the post-colonial society is a materially and intellectually impoverished group incapable of freeing their

---

9. Immanuel Wallerstein, "Dependence in an Interdependent World" The Limited Possibilities of Transformation within the Capitalist World Economy" in African Studies Review, Vol. 17, No. 1 (1974) p.21

10.Timothy Shaw and Malcoln Grieve, "Dependence or Development: International and Internal Inequalities in Africa" in Development and Change, 8 (1977) p.397

nation from the grip of imperial domination, regardless of the trappings of political independence. As Fanon put it:

> It's (the bourgeoisie's) mission has nothing to do with transforming the nation; it consists, prosaically, of being the transmission line between the nation and a capitalism, rampant, though camouflaged, which ...puts on the mask of neo-colonialism. The national bourgeoisie will be quite content with the role of the western bourgeoisies's business agent.[11]

The Nigerian case which is examined here, contradicts this assertion. The decision of the Nigerian leaders to subject foreign capital(i.e. multinational corporations) with all their alleged power to shape the destinies of 'dependent' units, to nationalcontrol and direction, thus forces us to look for a more satisfactory explanation.

Can the liberal paradigm fill the theoretical gap? Pluralist analysis has, as its unit of analysis, the group. Politics is viewed in this perspective, as a competition among organized interests, and government policy "the resultant of effective access by various interests".[12] Thus any given policy of the state reflects the preference of the strongest societal forces. Unlike instrumental Marxists, these forces need not be, and are not always, the capitalist class and/or their allies, but individuals motivated

---

11. Franz Fanon, The Wretched of the Earth. Translated by Constance Farrington (Grove Press, 1963) p.152

12. David B. Truman, The Governmental Process: Political Interests and Public Opinion 2nd edn. (New York, A. Knopf, 1971) p. 507

by any interest salient enough to affect their behavior. But in the case under investigation, we are unable to identify any group of individuals or institutions that single-handedly pushed the state into this confrontation with foreign capital. The liberal paradigm thus collapses not only on account of the lack of such evidence, but because of the preponderant role of the state in a developing society, discussed below.

This leads me to a consideration of the bureaucratic paradigm , popularized by Graham Allison and Morton Halperin. The basic unit of analysis in this approach is actions of a government (interchangeable with state in our context) which are defined as "the various acts of officials of a government in exercises of governmental authority that can be perceived outside the government."[13] This, however, is but the tip of the iceberg in the long process of arriving at the decision and implementing it; for the bureaucratic politics model gives analytical primacy to the central issue neglected by all other models considered here, which is that "the maker" of government policy is not one calculating decision-maker, but rather a conglomerate of large organizations, and political actors who differ substantially about what their government should do on any particular

---

13. Graham T. Allison and Morton H. Halperin,"Bureaucratic Politics: A Paradigm and Some Policy Implications." World Politics, XXXIV (Spring 1972) p.42

issue, and who compete in attempting to affect both governmental decisions and the actions of their government." Thus, in place of a unitary actor (the state), this model sees many actors who "focus not on a single strategic issue, but on many diverse intra-national problems as well." [14] Government action is seen as 'political resultant:

> The decisions and actions of government are intra-national political resultants: resultants in the sense that what happens is not chosen as a solution to a problem, but rather results from compromise, conflict and confufusion of officials with diverse interests and unequal influence; political in the sense that the activity from which decisions and actions emerge is best characterized as bargaining along regularized channels among *individual members of the government*... The moves, sequences of moves, and games of chess are thus to be explained in terms of the bargaining among players with separate and unequal power over particular pieces and with separate objectives in distinguishable subgames.[15]

Thus, the indigenization decree is seen in this model, not as the decision of a unitary actor (as I have had to interpret it in this study), but as the result of contests over the objectives,the content, and the mode of implementing it. The bureaucratic politics paradigm certainly has the promise of unravelling the complex institutional

---

14. Ibid.

15. Graham T. Allison; Essence of Decision: Explaining the Cuban Missile Crisis (Boston, Little,Brown,1971) p. 162

lattice embodied in the Enterprises Promotion Decree, for it would have been possible to see the role played by, say, the Central Bank officials, the officials of the ministries of Trade, Industries and External Affairs, as well as the role of the Supreme Military Council which, in the governmental structure under military regime, takes all decisions of national import.

In short, the bureaucratic politics paradigm is closer to reality because it deals with outcomes, i.e., "selectively delineated states of the real world importantly affected by the actions of government."[16] The real world with which this particular 'outcome' deals, i.e. the Nigerian Enterprises Promotion Decree ..., is the Nigerian economy. Unfortunately, this model is inapplicable because the character of the post-colonial state, especially of the Anglo-Saxon tradition, with its view of the neutral role of the bureaucrat, deprives the study of vital information necessary for informed analysis. The bureaucrat, in this tradition, "is to be seen, not heard" as the expression goes, meaning he advises the politicans (military politicians in our case), and never takes decisions. Of course, this is a myth that continues to protect the corruption, incompetence and decadence of the bureaucracy in the post-colonial state. For it is an open secret that the advent

---

16. Graham T. Allison and Morton H. Halperin, op. cit. p. 44

of the military did explode the myth of bureaucratic neutrality as most senior civil servants found themselves filling the vacuum created by the displacement of politicians as decision-makers because their successors found it difficult initially to take decisions in a context requiring bargaining and compromise.[17] It is for this reason that most radical analysts of the Nigerian indigenization program assume that both the content of the decree and the institutional weakness built into its implementation were a deliberate act of the military bureaucratic bourgeoisie for fulfilling what Fanon called its historic mission: that of intermediary between the multinational corporations and the state.[18]

Yet it is questionable whether the Nigerian Enterprises Promotion Decree can be said to reflect the interests of the ruling class rather than the nation. In the absence of evidence to the contrary, and in the light of the data presented in this study, that conclusion must be rejected as lacking empirical foundation.

---

17. For a detailed analysis of this enhanced role for the Nigerian bureaucrat, see Ebong Abasi Ikoiwak, "Bureaucracy in Development. The Case of the Federal Civil Service;" Ph. D Dissertation, Department of Political Science, (Atlanta University, Atlanta, Georgia (1979).especially Ch. 3 .

18. For such an interpretation of the role of the Nigerian bureaucratic bourgeoisie, see Teriser Turner "Multinational Corporations and the Instability of the

This leaves us with one final analytical model to consider: the statist approach. This approach is the strongest candidate for illuminating the questions raised in this study for a number of reasons. First, by focusing on the state as a unified actor, the analysis is simplified without jeopardizing the validity of our conclusions. Secondly, regardless of the contests, bargaining and compromises that go on in the state structures of decision-making, the overwhelming predominance of the state in the social economic and political life of the post-colonial society in Africa, mitigates any weakening of our conclusions that either the liberal or the bureaucratic politics model might imply.

By insisting that the national interest has an objective reality it makes intelligible the conception of the state as "a set of roles and institutions having peculiar drives, compulsions and aims of their own that are separate and distinct from the interest of any particular societal group," [19] drives, compulsions and aims that con-

---

Nigerian State," Review of African Political Economy 5, (Jan-April, 1976), pp. 63-79. For an interpretation of the indigenization program as a reflection of the military bureaucratic bourgeoisie's interests, see Claude Ake, Revolutionary Pressures in Africa, (London, ZED Press, 1978) pp. 47-49.

19. Stephen D. Krasner, Defending the National Interest: Raw Materials Investments and U.S. Foreign Policy (Princeton, Princeton University Press, 1978) p. 10.

stitute the national interest.

Thus as a "lens," the statist approach:

> reduces the organizational and political complications of government to the simplification of a single actor. The array of details about a happening can be seen to cluster around the major features of an action. Through this lens, the confused and even contradictory factors that influence an occurrence become a single dynamic: the choice of the alternative that achieved a certain goal. [20]

Thus the statist approach permits a speedy and imaginative sorting out of the problem of explanation or prediction.

It is important, for purposes of clarity, to specify the particular notion of state being employed in this perspective, for, as Nettl points out, the state is a conceptual variable hardly in vogue in the social sciences today, especially in the Anglo-Saxon tradition of analysis. In this tradition, the state is but "one possible dimension or even one system of social bonds-but not the only one." [21] And in spite of attempts, sometimes deliberate, sometimes unintentional, to de-emphasize the primacy of the state, it retains a skeletal ghostly existence in so-

---

20. Graham T. Allison and Morton H. Halperin, "Bureaucratic Politics: a Paradigm and Some Policy Implications" World Politics XXIV,

21. J.P. Nettl, "The State as a Conceptual Variable", World Politics XX (July 1968) p. 559

cial science analysis primarily because "for all the changes in emphasis and interest of research, the thing exists and no amount of conceptual restructuring can dissolve it." [22] The dominant role of the state in the post-colonial society thus demands the specification of its character.

The lack of either the historical, intellectual or cultural tradition of 'stateness' [23] in post-colonial societies and the character of military regimes reduces the state to the Parsonian representation with goal attainment for the society (social system in Parson's terminology), and the state as the primary form of the political system. [24] This Parsonian conception of the state

---

22. Ibid.

23. The historical tradition, according to Nettl ,is relevant in societies that had an objective predispostion toward a federal structure, but where a central form of government was adopted.,e.g.Italy and Germany;the intellectual tradition is generally associated with the German thinkers, from Hegel to Meinecke,in which the concept of the state is given supreme saliency and in which, following Hegel, the notion of legal and political sovereignty is transformed into a cultural concept of self-identification and, indeed, affect for the state; the cultural tradition refers to the extent to which notions of state have become incorporated in the thinking and actions of individual citizens in a given society. For a full discussion of these conceptual traditions,see Ibid.pp. 60-75.

24. Talcott Parsons, The Social Systems and the Evolution of Action Theory (New York, The Free Press, 1977) pp. 177-203

is coupled, however, with two other dimensions of stateness in a military-bureaucratic dictatorship; that of the state as the institutionalization of popular sovereignty and as the instrument for the creation and adminstration of law and justice. The former articulates the notion of the post-colonial state as the embodiment of the sovereignty of the people who periodically exercise their right to install their representatives in the structures of state administration. The latter articulates the notions of law enforcement and norm-creation, where, as Nettl points out, "the very process of action is concerned not with implementation of, or deviation from established norms, but with the business of establishing norms in the first place" [25] (emphasis in the original)

It is this conception of the state as the collective instrument for goal attainment, institutionalization of popular sovereignty and as the creator and administrator of law and justice that explains the dominant role of the state in post-colonial societies. The transformation of the state from being primarily an instrument for maintaining law and order under colonialism to an engine of develop-

---

25. J.P. Nettl; op. cit. p. 588. As the statements of virtually all coup leaders in Africa over the past decade have stated ad nauseum, one primary objective of a coup is to establish norms for the democratic participation of competing groups in society. For the latest of such justification of a coup, see the statement by the new Liberian head

ment in the post-colonial era gives it a primacy, both in theory and in practice, that cannot be ignored by any serious student of these societies. This transformation was facilitated by the over-developed structure of the state vis-a-vis the post-colonial society. Hamza Alavi's observations in this regard is worth noting:

> In carrying out the tasks of the bourgeois revolution in the colony(i.e. the establishment of a bourgeois state and the attendant legal and institutional framework)...the metropolitan bourgeoisie has to accomplish an additional task which was specific to the colonial situation. Its task in the colony is not merely to replicate the superstructure of the state which it had established in the metropolitan country itself. Additionally, it has to create state apparatus through which it can exercise dominion over all the indigenous classes in the colony. It might be said that the "superstructure" in the colony is therefore, "over-developed" in relation to the structure in the colony, for its basis lies in the metropolitan structure itself, from which it is later separated at the time of independence.[26]

Alavi's point, which is quite pertinent to the case under consideration, is that because the original base of the state apparatus inherited by a post-colonial society lay in the metropole it needed a strong military-bureaucratic apparatus for subordinating the indigenous population, an apparatus whose function was to be transformed after independence from subordinating indigenous population to the

---

of state, Master Seargent Doe in West Africa 21 April, 1980. p. 689

26. Hamza Alavi, "The State in Post-Colonial Societies" New Left Review 74 (July-August ,1972)p.61

requirements of colonialism to appropriating economic surplus for deployment in bureaucratically directed economic activities. As Alavi further elucidates:

> the role of the military-bureaucratic oligarchy (in a post-colonial society) is relatively autonomous because once the controlling hand of the metropolitan bourgoisie is lifted at the moment of independence, no single class has exclusive command over it. This relative autonomy is not predicated on the negative condition alone. It derives also from the far reaching interventions by the state in the economies of post-colonial countries, both by way of a network of controls ... and a direct appropriation and disposition of substantial proportion of the economic surplus. These constitute independent material bases of the autonomy of the military-bureacratic oligarchy.[27] (emphasis in the original)

Although this notion of the centrality of the state has been questioned by other scholars [28] who maintain the orthodox Marxian notion of the state as "a committee for managing the common affairs of the bourgeoisie"[29], the validity of this position is borne out by other studies

---

27. Ibid. p. 72

28. See, for example, Collin Leys, "The Overdeveloped Post-Colonial State: A Re-evaluation," Review of African Political Economy,5, (January-April 1976) pp.39-48

29. Karl Marx and F. Engels, Quota in Ralph Milibaud, "Marx and the State, " Socialist Register , (1964) p. 283

of the post-colonial societies.[30] It is the centrality of the state that accounts for its relative autonomy from the various social classes in society and that permits it to have drives, compulsions and aims of its own, distinct from the goals of any group in society.

This digression into the theoretical elucidation of the concept of the state is necessary in order to underline the notion of the state implicit in the statist approach to understanding the Nigerian Enterprises Promotion Decree. Armed with an understanding of the nature and character of the state in post-colonial societies, it is not difficult to see why the NEPD represents more the actualization of a national objective-the control of the Nigerian economy by Nigerians-rather than a manifestation of class interest. This is even more so when one considers the fact that apart from a few documented cases of highly-placed bureaucrats who benefited from the exercise, the majority of the military-bureaucratic oligarchy involved in the formulation and implementation of the indigenization decree were not the beneficiaries of the program, preferring the power and status that working for the state confers to

---

30. James O'Connell, "The Changing Role of the State in West Africa" The Nigerian Journal of Economics and Social Studies. 3, 1 (November 1961) pp. 1-12; and Reginal Herbold Green, "The Role of the State as an Agent of Economic and Social Development in the least developed countries," Journal of Development Planning 6(1974) pp. 1-39

the monetary rewards that acquiring business concerns promised. It is for these reasons that the national interest thesis stands impeccable in its logic. That being the case, it follows, as noted earlier in the chapter, that the argument that developing nations are incapable of acting in the national interest, as put forward in the dependecia literature is contradicted by this case study. The indigenization program certainly contradicts the thesis that

> in the impasse in which the Nigerian bourgeoisie had found itself, it perceives only one option for itself and its people; accomodation within the neocolonially prescribed structure of dependence on international monopoly capital and the international bourgeoisie that manipulates it. [31]

Given the evidence presented in Chapters 5 through 7, it is certainly not the case that the Nigerian bourgeoisie (read the state, in the analytical model employed in this study) perceives only a system-defined option in the rigid determinism of this perspective.

Other empirical studies bear me out on this conclusion. For instance, a study of 27 former British and French colonies in tropical Africa revealed that although dependency propositions are supported, such dependency has

---

31. Segun Osoba, "The Deepening Crises of the Nigerian National Bourgeoisie" Review of African Political Economy, 13 (May-August 1978) p. 67

not resulted in negative economic performance, i.e., underdevelopment.[32] Similarly, in a study to evaluate Samir Amin's application of the dependency thesis to tropical Africa [33], Patrick Mc Gowan concluded that the proposition that structural dependence inhibit economic growth or development was found to be untrue."Most frequently," he reports ," dependence is unrelated to its predicted consequences and occasionally it is related in a direction opposite to that predicted by the theory."[34]

These conclusions are further buttressed by Bill Warren's study of 'capitalist industrialization' in the Third World, which leads to his conclusion that the constraints imposed by the structure of the international system do not preclude independent action on the part of the weak states of Asia, Africa and Latin America. His remarks bear quoting in full:

> Empirical observations suggest that the prospect for successful capitalist economic development (implying industrialization) of a significant number of major underdeveloped countries are quite good; that substantial progress in capitalist industrialization has already been achieved, that the period since

---

32. Richard Vengroff, "Dependency and Underdevelopment : an empirical test" Journal of Modern African Studies, 15, 4(December 1977) pp. 613-630.

33. Samir Amin "Underdevelopment and Dependency in Black Africa: Origins and Contemporary Forms" Journal of Modern African Studies,104(December 1972)pp.503-524

34. Patrick J. Mc Gowan, "Economic Dependence and

> the Second World War has been marked by a major upsurge in capitalist social relations and productive forces, (especially industrialization) in the Third World; that insofar as there are obstacles to this development, they originate not in current imperialist-Third World relationships, but almost entirely from the internal contradictions of the Third World itself, that the imperialist countries policies and their overall impact on the Third World actually favour its industrialization, and that the ties of dependence binding the Third World to the imperialist countries have been, and are being, markedly loosened with the consequence that the distribution of power within the capitalist world is becoming less uneven (emphasis mine) 35

I have indulged in quoting Warren extensively because in this passage is encapsulated the major themes that run through this study; the denial of the claim that Third World countries are doomed to perpetual stagnation under the existing internaional system; the assertion that structures of "global dominance" [36] are constantly under

---

Economic Performance in Black Africa,"Journal of Modern African Studies 14, 1 (March 1976) p. 25-40. for a summary of the findings of various studies to test dependency propositions, see Patrick J. Mc Gowan, "Economic Dependency in Black Africa: An analysis of competing theories" in International Organization Vol. 32. No. 1(Winter 1978) p. 179-235

35. Bill Warren "Imperialism and Capitalist Industrialization," in New Left Review 81 (Sept.October 1973) p. 3-4

36. For a different way of looking at the same phenomenon see Johan Galtung op. cit. p. 81-117 and H. Hveem, "Global Dominance System" in Journal of Peace Research 4 (1973) p. 319-40. For a review of the various versions of this, see Harry R. Targ "Global Dominance and Dependence, Post-Industrialism and International Relations Theory" in International Studies Quarterly Vol.20 No. 3 (Sept. 1976) p. 44-481

pressures of change, the insistence that Third World leaders act, not necessarily at the behest of the ruling classes in the center of the system, but in accordance with perceived interests of their nations, and specifically the thesis that a conjucture of national and international forces produced the change in the co-efficients of power to enable Nigerian leaders articulate the country's long-standing objective in a way that changed the balance of power between foreign private capital and national capital.

The most important international factor in this conjuctural development was Nigeria's membership of OPEC in July 1971. Although Nigeria's oil production jumped from a meagre 6,367 million barrels in 1960 to 395,905 million barrels in 1970, the political leverage associated with this expanded petro-naira did not express itself in any visible form until after her membership of OPEC.[37] Even after the realization of increased wealth, and hence increased capacity for action, the Nigerian leaders were careful not to be seen to be intoxicated by this enhanced capabitility, playing to the convention that "sudden increase in the wealth of a nation need not, and indeed

37. For a discussion of the impact of oil on Nigeria's internal development, see S.A. Madujibeya, "Oil and Nigeria's Economic Development" African Affairs, Vol. 75(July 1976) p. 284-316

seldom does close, in an immediate and unambiguous way, the gap between principle and practice."[38] Yet to deny the linkage between Nigeria's oil power and her foreign policy in general and her foreign economic policy in particular, is to deny the obvious.

For instance, by 1974, Nigeria's surplus on visible trade rose by more than 284 percent, from 1.05 billion in 1973 to 4.04 billion, with 92 percent of this coming from oil.[39] Its contribution to the GDP rose from 2.5 billion naira in 1960/61 to 6.4 billion Naira (about 10 billion dollars) in 1974-75. It was the anticipation of at least a stable, if not a rising wealth (guaranteed by membership in OPEC) that inspired the confidence which produced the Nigerian Enterprises Promotion Decree, just as it inspired other diplomatic initatives-notably the formation of the West African Economic Community whose viability has been associated with Nigeria's oil wealth. As Mayall rightly observes:

> While the oil industry itself falls outside the scope of this decree (i.e. the NEPD), the impact of which has been largely on small and middle-sized businesses, and on the Lebanese trading community,the decision to fashion a more assertive national economic

---

38. James Mayall, "Oil and Nigerian Foreign Policy" Ibid. p. 318

39. Financial Times, 31 January 1975

> policy designed to promote the development of a vigorous local capitalism must obviously be interpreted against the background of the increased capability and confidence derived from oil. [40]

Thus the unfolding of these international and national events enabled Nigerian leaders to adopt a policy well described by Wallerstein in a different context, as the policy of "seizing the chance." [41] And indeed, Nigerian-leaders'seized' the opportunity created by the institutionalization of OPEC as a force in the global politics of resource allocation. But as Mayall points out, and as I have insisted all along in this study, "while oil has been clearly decisive in creating the opportunities which made a volte face possible, the shift in policy was essentially tactical and scarcely adds up to a grand new design." [42]

That Nigeria was determined to use her share of "structural power" to serve her national interest was further demonstrated in July 1979 when the receding military leaders, in an action that shook the British Government for its import and timing (coinciding with the opening of the commonwealth conference in Lusaka) announced the nationalization of British Petroleum's assets in Nigeria

---

40. Ibid p. 321

41. Immanuel Wallerstein op cit. p. 9

42. Mayall op cit. p. 321

to underscore its commitment to a just settlement of the Rhodesian crisis. One might ask why nationalization was not considered as an option in the pursuit of the same objectives. The answer can only be speculative, since we have no clear evidence that it was not considered. It lies in the decision makers' belief, affirmed in official statements, that foreign capital and expertise will certainly be needed for the country's industrial development. Nationalization is thus perceived more as a punitive measure, to be taken only in extreme an situation, as the Zimbabwe crisis presented.

Neither Nigeria's membership of OPEC, nor the impact of of the Civil War, as discussed in chapter 5 explain adequately Nigeria's internal and external actions in pursuit of the national interest during the period under study. For Zaire's experience, both domestically and internationally, parallels Nigeria's. Yet Zairean highly personalized state (since 1965) enacted and implemented or attempted to implement an indigenization program in 1973. Under this program, the state took control of all foreign enterprises in the services, trade and agricultural sectors and later transferred their ownership to private individuals. A year later, however, it was decided to revert back to the previous arrangement of foreign private ownership and state participation, leaving small servicing and trading enterprices to private citizens.[44] And yet, Zaire, like Nigeria, had the enormous resources that copper sales provided. Like Nigeria, it also was a member of an international cartel - The Intergovernmental Council of Copper Exporting Countries (CIPEC). And like Nigeria, it experienced a crisis

---

43. "Nigeria Flexes her Muscles" West Africa 6 August 1979 p. 1399

44. J.P.Peemans, "The Social and Economic Development of Zaire since Independence: An Historical Outline," African Affairs, 74, 295 (April, 1975) p. 164

similar, though not of the magnitude and international repercussions, to Nigeria's. Finally, like Nigeria, the inherited colonial structures facilitated the preponderance of foreign capital and the control of the economy by multinationals of the former colonial power. Thus, in many respects, the Zairean situation paralleled Nigeria's. Yet the indigenization program failed and Zaire had to retreat from its position, by handing back enterprises it seized from aliens, in effect, restoring the ascendancy of foreign capital.

How does one explain the success of Nigeria in subordinating foreign capital to national control while Zaire's experiment ended in total failure. The explanation can be found in Theodore Moran's learning-curve thesis.

According to Moran, the relationship between the host country and the multinational corporation and other private foreign investors, can bė conceptualized as a learning process. Beginning in a position of strength, because of its monopoly of technical skill, managerial competenece, and capital-fixed and variable-the MNC takes the pre-eminent position. In the initial negotiations, the strength of the bargaining is certainly on the side of the foreign investor, and the terms of the concessions are heavily weighted in his favor. If the investment proves unsuccessful, other

ventures are given similar or even greater enticements. But once the investment is made and the operation successful, the entire atmosphere that surrounds foreign-host relationship changes. To quote Moran:

> The old doubts (that give the investor rationale for inducements) are forgotten and the terms of the concession no longer correspond to the realities of the situation. ...Successful venture...provide an incentive to the host country to develop skills and expertise appropriate to the industry. Beginning with elementary attempts to tighten the bargaining process, the country starts to move up a learning curve that leads from monitoring industry behavior to replicating complicated corporate functions. 45 (my emphasis)

As demands for a larger share of the revenues grow and as claims on those revenues multiply, the incentive for the host country to chip away at the foreigners monopoly on skills and expertise is magnified. As the host country chips away at ignorance and mystery, "the esoteric value of the foreigners services decline," and

> the development process magnifies the benefits that can be gained by improving the ability to push against foreign companies, and magnifies the costs that will be born by leaders unable or unwilling to push. This produces a powerful stimulus to strengthen domestic capabilities and reduce domestic weaknesses. As knowledge about industry operations is accumulated-as secrecy is dispelled and domestic confidence is gained-the monopoly position of the foreigner, even in his peaks of strength, is eroded. The result is a cumula-

---

45. Theodore H. Moran, Multinational Corporations and the Politics of Dependence: Copper in Chile, (Princeton,

> tive shift in power away from the international corporations toward the host country.[46] (my emphasis)

Nigeria's experience cannot be better described. Beginning with the 1968 Expatriate Quota Allocation Board, the state sought the gradual indigenization of management in foreign-owned corporations as a prelude to the indigenization of capital. Manpower development became a primary concern of central decision-makers resulting in the directive to all foreign firms to evolve training programs for their Nigerian employees, this, in pursuant of the policy statement in the Second National Development Plan to the effect that "measures would be taken- to tie all existing and future expatriate quota allocations strictly to the training of Nigerian counterparts."[47] By 1972, there had emerged a general feeling, encouraged by the ratio of expatriates to Nigerians employed in enterprises affected by the NEPD (see Table 8.2) that the technical and managerial competence of the Nigerians in these enterprises would guarantee a smooth transition from foreign to indigenous management.

Princeton University Press, (1974) p. 159-164

46. Ibid. p. 165-66

47. Federal Republic of Nigeria, Second National Development Plan: Programme of Postwar Reconstruction and Development (Lagos, Federal Ministry of Information, 1970), p. 318

Table 8.2

EMPLOYMENT BY SCHEDULE 1972

Schedule	No. of Firms	Paid-up Capital N'mil.	Total No.of Employees '000	Senior '000	%	Junior '000	%	Expat-triates '000	%
I*	353	54	27	2	7	24	89	1	4
II	650	178	134	7	5	122	91	4	3
Total	1003	232	161	9	6	147	91	5	3

*Figures for Schedule I include those of all haulage firms before the the transfer of haulage from Schedule I to II.

Source: NEPB files,1979.

This was not the case in the Zairean situation where the nature of Belgian colonialism provided only meagre opportunities for Western education beyond secondary level, resulting in the fact that at independence in 1960, Zaire (then Congo-Kinshasha) had only one trained medical doctor. [48] Besides, so repressive was Belgian colonialism, that unlike in Nigeria where there had emerged a relatively well-established commercial elite, eager to move into the areas dominated by European firms, there was a total lack of such indigenous commercial bourgeoisie in Zaire, capable of taking on the challenges of a modern market economy . It was primarily for this reason that a reversal of indigenization took place in 1974, and not because the state was incapable of acting against monopoly capital, even though it must be admitted that the Zairean state is less able to act against foreign capital today than it did in 1973 precisely because the underdevelopment of the entrepreneurial class has meant greater reliance on the technical and managerial competence of the multi-national corporations.[49]

---

48. J. Ph. Pheemans, op. cit. pp. 149-151

49. J. Ph. Peemans op cit. pp. 157-165. See also the testimony of Professor David G. Gould before a U.S. Congressional Committee dealing with U.S. aid to Zaire in West Africa 21 April 1980. pp. 720-21.

Summary Conclusion

As stated at the beginning of this chapter, the fundamental question raised by this study is whether new and weak states in the international system can fashion policy instruments to accelerate their emancipation from the basic condition of poverty that plage upwards of 90 percent of their populations. The issue reduces to whether the national and the international environments are benign enough, if not hostile, to permit the process of emancipation. Insofar as this issue has been given scholarly attention, the debate continues between those who argue that the transnational structures of global production and distribution, or to use the popular economic label-the international division of labor-precludes any independent action by the ruling elites of the new states aimed at the liberation of their peoples from hunger, disease and ignorance; and those who insist that while the'inequality of nations' produces inequality of power and the attendant discrimination in favor of the powerful in the allocation of world resources, the international system is not static but constantly undergoing changes that result in what Wallerstein calls" the shift from being peripheral to being semi-peripheral"[50] or to

---

50. Immanuel Wallerstein op. cit. p. 8. For an eloquent statist defense of the inequality of nations, see

extend the argument, from being semi-peripheral to being part of the core, as the U.S. and Russia did at the turn of the 20th century and as China is expected to do in the 21st century. It is the latter position that this study seeks to justify, using Nigeria as a case study.

The statist approach used in this study has enabled us to identify those drives, compulsions and aims that constitute Nigeria's national interest in pursuit of which the Nigerian Enterprises Promotion Decree was promulgated. Chapters 6 and 7 attempt to demonstrate, successfully, I hope, the capacity of the state to implement the provisions of the decree. What the data presented in this study has shown is not only the political will of the military — bureaucratic leadership to translate a decision into action, but the capacity of the state to overcome its adversaries- domestic and external- in doing so.

This capacity was intimately related to the state structure of decision-making under the military. Quite apart from the fact that the military leaders (who were the decisive elements in the decision-making process) were free from the political pressures of an electoral constituency; the chain of command at the national level facilitated speedy decision and actions. In contradistinction to the congery of diverse, separate and independent regional

---

Robert Tucker, The Inequality of Nations (New York, Basic Book, 1977) especially Ch.1

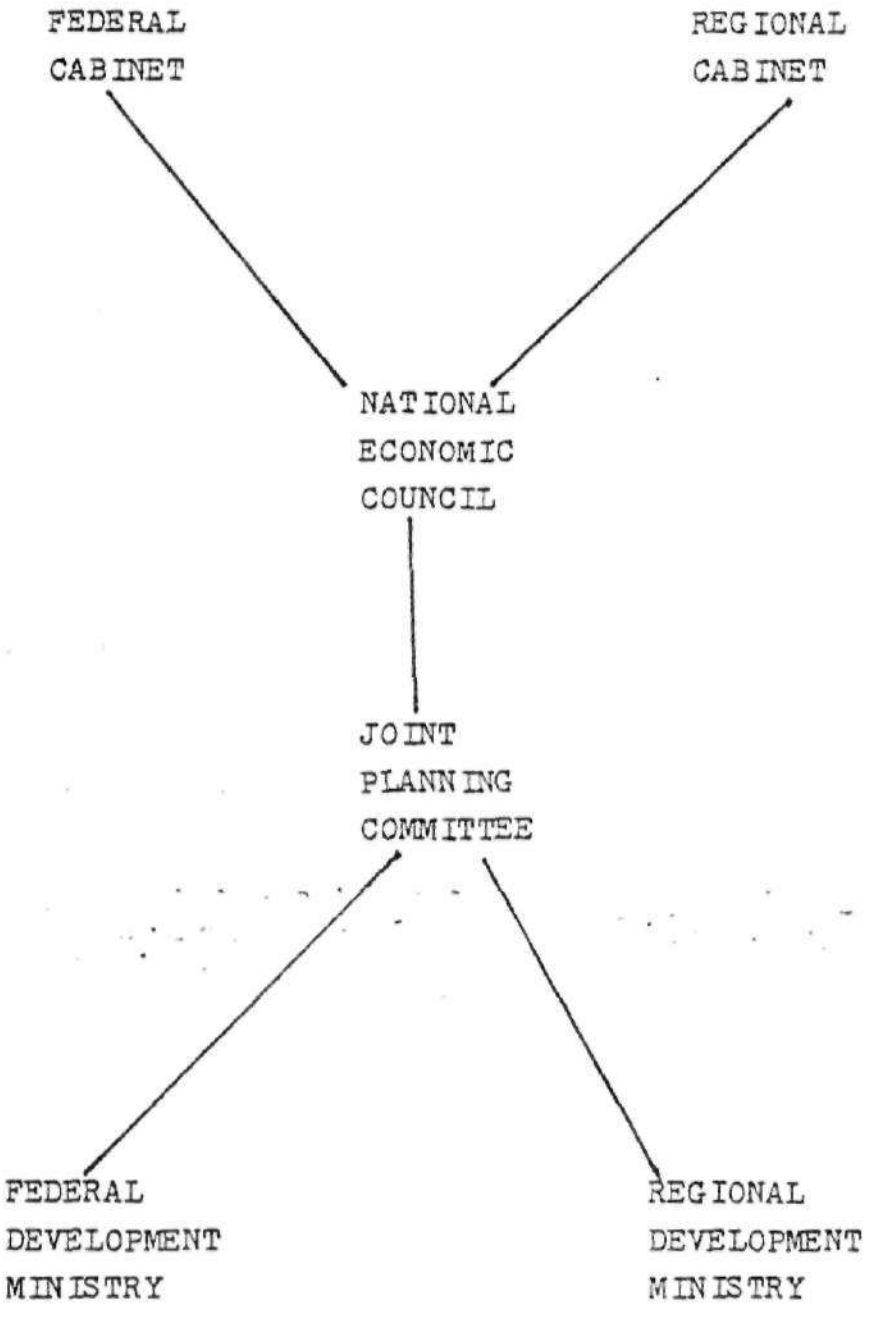
planning units for national economic decision-making under the civilian regime(figure 8.1), characterized by one state official as "a body of compromises unable to give effective philosophy for the (1962-68) plan, and leadership to planners "[51], the military bureaucratic structure was infused with the military requirement of a "clearly defined channel of command, with adequate communications to ensure that orders are carried out with means of disciplinary control." [52] The inception of military rule thus brought along its trail the reconstitution and reorganization of the state. Not only did the relationship between the state and its constituent units(the regions) altered, the national economic planning machinery was revamped by the abolition of the impotent National Economic Council and the creation of a pyramidal institutional structure to facilitate speedy decision-making (figure 8.2). At the apex of the pyramid was the Supreme Military Council(SMC) composed of regional (later state) military governors, some top military officers and civilian federal commission-

---

51. E.O. Obayan, "The Machinery of Planning in the Federation of Nigeria." The Nigerian Journal of Economic and Social Studies. 4,3 (November, 1962)p. 279

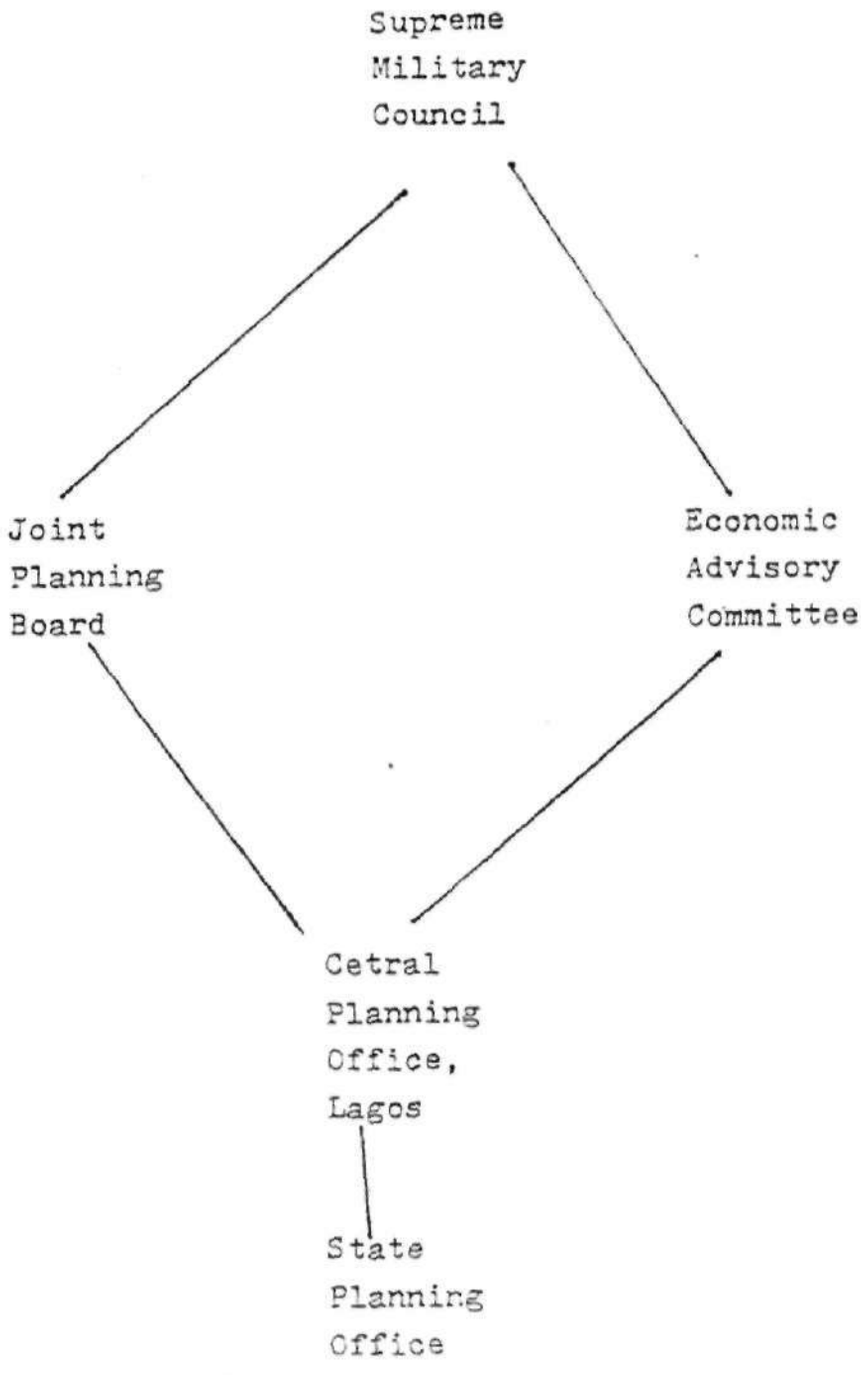
52. Theophilus Olalunde Odetola, Military Politics in Nigeria: Economic Development and Political Stability, (New Brunswick, N.J., Transaction Books, 1978) p. 15

Figure 8.1
Process of Economic Decision Making: 1962-5



Source: Theophilus O. Odetola Military Politics in Nigeria (New Brunswick, Inc. Transaction Books, 1978) p.112

Figure 8.2
Economic Decision-Making Structure under
Military-Bureaucratic System



Source: Odetola p. 115

ers. [53] This was the equivalent of the national cabinet under the civilian regime . Below the SMC was the Central Planning Office responsible for drawing up National Development plans and coordinating the activities of the state (i.e. regional) planning units, which were now subordinated to the Central Planning Office. The Joint Planning Board with direct links to the Supreme Military Council, was composed of the Permanent Secretaries (administrive head) of the Federal Ministries of Economic Development and Finance; the Permanent Secretaries of Economic Development in the States, directors of the planning units at the federal as well as state levels; and representatives of the Nigerian Institute for Social and Economic Research and the Central Bank of Nigeria. The board's primary function was to coordinate the economic policies and development activities of the federal government and its agencies as well as examine all aspects of economic planning and make recommendations to the federal and state governments. Finally, the Economic Advisory Committee, composed of senior bureaucrats, academic economists and representatives of the private sector, was responsible for advising

---

53. After the displacement of General Gowon in July 1975, civilians and military governors ceased to be the members of the Supreme Military Council, reinforcing the supremacy of the federal government.

the federal government on planning, economic and fiscal matters and on the harmonization of the activities of the private and public sectors.[54]

Thus, the reconstitution of the machinery of national economic decision-making which gave pre-eminence to the Supreme Military Council over the regional planning units, was a crucial factor in the enhanced capacity of the state to pursue the objectives of the indigenization decree with a decisiveness that reflected military efficiency. It is in the light of its success in translating 'blueprints' into concrete action in the face of powerful domestic and foreign interests that the Moranian model captures the processes described in the preceding substantive chapters. While it is true that the model ignores the internal processes of decision making, dealing only with "outcomes" of such processes, it does explain much of the on-going struggle between the multinationals and their host governments. And Nigeria's case confirms the thesis that in this battle, host governments are not always the losers. Tanzania's recent rebuff of the IMF is just another instance of the growing strength and confidence of many underdeveloped countries.[55]

This, of course, is not to deny that the existing international system and the operational rules that sustain it are biased against its less developed members. Neither can it be denied that in the global constellation of powers

---

54. Theophilus O. Odetola op. cit. p. 115

55. "David Nyerere Takes an IMF Goliath," New Africa,

of powers some states are "system-determining" as are the U.S. and USSR, some just "system influencing" as are West Germany, France ot Britain while others are just "system-affecting" or at the end of the spectrum, merely "system-ineffectual."[56] Rather, it is to assert that while the constraints imposed on the weak states by the structure of the system are at times overwhelming, they do not and cannot condemn them to a life of misery and passivity in perpetuity, and that whether or not leaders of weak states in the international system "seize the chance" to fashion policy instruments of independent action to liberate their peoples from poverty and its paralyzing physical and intellectural effects, depends partly on its capacity but also on the strategy and instruments, as this case demonstrates. Thus one cannot agree with Rothstein more when he said "...the underdeveloped countries have placed a disproportionate emphasis on external change by blaming too many of their problems on the international systems, by assuming that most of their problems can be solved by transforming these systems...."[57] And to the advocates of

---

January, 1980. pp. 33-35.

56. For an elaboration of this, see Robert O. Keohane, "Lilliputians' Dilemmas: Small States in International Politics," International Organization 23(1969)p. 296

57. Robert L. Rothstein: The Weak in the World of the Strong: The Developing Countries in the International System (New York, Columbia University Press, 1977) p. 5

a revolutionary strategy (which is the policy implication of radical scholarship examined in this study) Rothstein's point bears what is implicit in this study out most poignantly:

> The argument that nothing less than a revolution is acceptable (to deal with the problem of underdevelopment) suffers from the vice of aggregation: All problems are seen as a reflection of the problem of some. ...too many of the advocates of a revolutionary strategy are willing to sacrifice small improvements in the lot of the desperately poor and hungry, for a romantic vision of what the future might bring. Indeed, in many underdeveloped countries, the very conditions that seem to make revolution necessary may make the success of a revolution improbable. The revolutionaries once in power, must still deal with the structures of underdevelopment that created the need for revolution. The revolution may succeed only in replacing one group of corrupt reactionary and self-interested elites with another group of corrupt, ostensibly radical and self-interested elites.[58]

The short-lived Murtala revolution in Nigeria (July 1975-February 1976) is an eloquent testimony to this observation.

It can thus be seen that this study continues the current debate on the New International Economic Order. By focusing on the issue of "structural power" which is a state's capacity "to generate, maintain or transform relations (between and among states) or the rules for regulating those relations to affect orientations, actions, opportunities or the distribution of costs,

---

58. Ibid. p. 39

risks and benefits,"[59] the study demonstrates that there is a "possibility" if there is the "will"[60] on the part of the developing countries to seize the opportunities provided by the changing balance of economic and social forces - in the international system. Insofar as the theoretical issue of the state as a crucial variable in this struggle between the north and the south is concerned this study demonstrates the utility of the statist approach in explaining Nigeria's foreign economic policy. In spite of the deficiencies in Krasner's model, as pointed out by Professor Ruggie,[61] the uniqueness of the over-developed post-colonial state relative to the post-colonial society invests the statist approach in the modified version of this study, with an explanatory power it lacks in a post-industrial setting, such as the U.S. or Britain. It is my hope that other studies on the Nigerian indigenization program and of other indigenization programs in the Third World will confirm the major conclusion of this study.

---

59 Chery Christensen, "Structural Power and National Security" in Klaus Knorr and Frank N. Trager, eds., Economic Issues and National Security (Lawrence, Kansas, Regents Press 1977) p. 127-59. See also, Kenneth N. Waltz, Theory of In International Politics (Reading, Mass., Addison Wesley, 1979) especially Chapter 7

60 Immanuel Wallerstein, The State and Social Transformation: Will and Possibility" Politics and Society 1,3 (May, 1971) p. 363

61. See his review of Krasner's book in The American Political Science Review 74, 1 (March, 1980) pp. 296-299

SELECTED BIBLIOGRAPHY

A. DOCUMENTS

Federal Republic of Nigeria, Official Gazette,50,70 Lagos: Federal Ministry of Information, 16 October 1968

Federal Republic of Nigeria; Official Gazette 59,10 Lagos: Federal Ministry of Information 28 February 1972.

Nigeria Enterprises Promotion Decree No. 3., 1977. Lagos: Federal Ministry of Information 1977

Federation of Nigeria, National Development Plan, 1962-68: Lagos, Federal Ministry of Economic Development,1962.

Federation of Nigeria, The Economic Programe of the Government of the Federation of Nigeria, 1955-60: Sessional Paper No. 2 of 1956,Lagos: Federal Government Printer, 1956.

Nigeria: Annual Reports, Nigerian Farmers and Commercial Bank Ltd, Lagos: 1951.

Nigeria, Federal Ministry of Commerce and Industry. Handbook of Commerce and Industry in Nigeria 4th Edition,Lagos: September 1960.

Nigeria: Guidelines for the Third National Development Plan, Lagos, Federal Ministry of Information, 1973.

Nigeria: House of Representatives Debates, 1960-66, Lagos: Government Printer 1961-66

Nigeria: National Economic Council: Economic Survey of Nigeria.Lagos: Government Printer,1956.

Nigeria: Second National Development Plan: 1970-74 Programe of Post War Reconstruction and Development.Lagos: Federal Ministry of Information, Printing Division,1970

Nigeria:Third National Development Plan 1975-80 Vols.1 11 Lagos; Central Planning Office, Federal Ministry of Economic Development, 1975.

BOOKS AND ARTICLES

Aboyade, Ojetumji. Foundations of an African Economy: A Study of Investmant and Growth in Nigeria. New York: Frederick A. Praeger, 1966.

Ake, Claude. "The Congruence of Political Economies and Ideologies in Africa" in Peter G. W. Gutkind and Immanuel Wallerstein eds., The Political Economy of Africa. Beverly Hills: SAGE, 1976: pp.198-211.

_____ Revolutionary Pressures in Africa. London: The ZED Press, 1980.

_____ "Explanatory Notes in the Political Economy of Africa" Journal of Modern African Studies 14, 1 (March 1976): 1-23.

Akeredolu-Ale, E. O. The Underdevelopment of Indigenous Entrepreneurship in Nigeria: Ibadan, Ibadan University Press, 1975.

Akinkugbe, Olu. "Nigerian Enterprises Promotion Decree and Its Implementation" in Nigerian Economic Society; Nigeria's Indigenisation Policy: Proceedings of the 1974 Symposium on the Subject - Indigenisation: What have we Achieved? Ibadan: Caxton Press, 1974.

Akinyemi, A. B. ed. Nigeria and the World: Readings in Nigerian Foreign Policy. Ibadan: Oxford University Press, 1978.

_____ Foreign Policy and Federalism The Nigerian Experience: Ibadan: University of Ibadan Press, 1974.

Allison, Graham T. The Essence of Decision: Explaining the Cuban Missile Crises. Boston: Little, Brown and Compay, 1971.

Amin, Samir. "Accumulation and Development: A Theoretical Model" Review of African Political Economy 1, 1 (1974): 9-26.

_____ "Underdevelopment and Dependence in Black Africa: Origins and Contemporary Forms," Journal of Modern African Studies, 10, 4 (December 193): 503-524.

Anglin, Douglas. "Nigeria: Political non-alignment and Economic Alignment," Journal of Modern African Studies, 2, 2 (July 1964): 247-263.

Asabia, S. O. "Share Valuation: The Nigerian Experience" in Nigerian Economic Society, Nigeria's Indigenization Decree: Proceeding - Indigenization: What Have We Achieved? Ibadan: Caxton Press, (West Africa): 19-31.

Baldwin, D. S. The Niger Agricultural Project. Oxford: Blackwell Press, 1957.

Baraclugh, Geoffery. Introduction to Contemporary History. London: Pelican 1973.

Baran, Paul. The Political Economy of Growth. New York: Monthly Review Press. 1957.

Barber, W. J. "The Movement into the World Economy" in W. J. Herskovitz and M. Harwitz eds., Economic Transition in Africa. Evanston, Ill.: Northwestern University Press, 1964.

Bello, V. I. "The Intention, Implementation Process and Problems of the Nigerian Enterprises Promotion Decree (No. 4) 1972" in Nigeria Economic Society, Nigeria Indigenization Policy: Proceedings. Ibadan: Caxton, 1974.

Berg, Elliot J. "Structural Transfomation Vs. Graudalism: Recent Economic Development in Ghana and Ivory Coast" in Phillip Foster and Aristide R. Zolberg eds. Ghana and Ivory Coast: Perspective on Modernization: Chicago: University of Chicago Press, 1971: 187-230.

Bergstein, Fred C. and Krause Lawrence B. eds. World Politics and International Economics. Washington D.C.: The Brookings Institution, 1975.

Blitz, Franklin L. ed. The Politics and Adminstration of Nigerian Government. London: Sweet and Maxwell, 1965.

Bodenheimer, Sussanne. "Dependence and Imperialism: The Roots of Latin American Underdevelopment" in K.T. Fann and D. C. Hodges, Readings in U.S. Imperialism. Boston: Porter Sargeant, 1971: 155-181.

Bull, Hedley. The Anarchical Society. New York: Columbia University Press, 1978.

Burns, Alan. History of Nigeria 8th ed. London: George Allen & Unwin Ltd, 1972.

Callaway, A. "The Political Economy of Nigeria" in R. Harris ed., The Political Economy of Africa. New York: John Wiley, 1977: 93-135.

Christensen, Cheryl. "Structural Power and National Security" in Klaus Knorr and Frank N. Trager, eds. Economic Issues and National Security. Lawrence, Kansas: Regents Press, 1977: 127-59.

Clark, Peter B. Planning Import Substituion. Amsterdam: North-Holland Publishing Co., 1970.

Cocroft, James D.; Frank, Andøre Gunder; and Johnson, Dale L. Dependence and Undrdevelopment: Latin America's Political Economy. Garden City, N.Y.: Doubleday, 1972.

Cohen, Benjamin J. The Question of Imperialism:The Political Economy of Dominance and Dependence. New York: Basic Books, 1973.

Coleman, James S. Nigeria: Background to Nationalism. Berkeley: University of California Press, 1971.

Collins, Paul. "The Political Economy of Indigenization: The Case of the Nigerian Enterprises Promotion Cecree" African Review 4, 4 (December 1974): 491-508

_____ "Public Policy and the Development of Indigenous Capitalism: The Nigerian Experience" Journal of Commonwealth and Comparative Politics XV, 2 (July 1977): 127-150.

Cooper, Richard N. "Trade Policy is Foreign Policy" Foreign Policy 9 (Winter 1972): 18-36.

Cottam, Richard W. Foreign Policy Motivation: A General Theory and a Case Study. Pittsburgh: University of Pittsburgh Press, 1977.

Crowther, Michael. A Short History of Nigeria. New York: Frederick A. Praeger, 1966.

Deutsch, Karl W. Nationalism and Social Communication. Cambridge, Mass.: MIT Press, 1966.

Dike, Kenneth O. Trade and Politics in the Niger Delta 1830-1885. Oxford University Press, 1956.

Dos Santos, Theotonio. "The Structure of Dependence" in K. T. Fann and C. Hodges eds. Readings in U.S. Imperialism. Boston: Sargent Press, 1971: 225-236.

Eicher, Carl K. and Liedholm Carl, eds. Growth and Development of Nigerian Economy. Michigan State University Press, 1970.

Ekundare, R. Olufemi. An Economic History of Nigeria 1860-1960. New York: Africana Publishing Co., 1973.

Emerson, Rupert. From Empire to Nation: The Rise to Self-Assertion of Asian and African Peoples. Boston: Beacon Press, 1962.

Frank, Andre Gunder. Capitalism and Underdevelopment in Latin America: Historical Studies in Chile and Brazil. New York: Monthy Review, 1969.

_____ Latin America: Underdevelopment or Revolution: Essays on the Development of Underdevelopment and the Immediate Enemy. New York: Monthly Review, 1969.

Gambari, Ibrahim A. "The Domestic Politics of Major Foreign Policy Issues in Nigeria." Ph.D. Dissertation, Faculty of Politcal Science: Columbia University, 1974.

Galtung, Johna. "A Structural Theory of Imperialism" Journal of Peace Research 2, (1971): 81-117.

Gerstein, Ira. "Theories of the World Economy and Imperialism." Insurgent Sociologist VII, II (Spring 1977): 9-22.

Gold, David A.; Lo, Y.H.; and Wright, Erik. "Recent Developments in the Marxist Theories of the Capitalist State." Monthly Review 27, 5 (October 1975): 29-43.

Gosovic, Branislav, and Ruggie, John Gerard. "On the Creation of a New Internation al Economic Order: Issue Linkage and the Seventh Special Session of the U.N. General Assembly". International Organization 32, 4 (Autumn, 1978: 883-911.

Green, Reginal H. "Political Independence and the National Economy: An Essay on the Political Economy of De-Colonization." in Christopher Allen and R. W. Johnson eds. African Perspectives . Cambridge: Cambridge University Press, 1970.

_____"The Role of the State as an Agent of Economic and Social Development in the Least Developed Countries." Journal of Development Planning 6, (1974): 1-39.

Hanrieder, Wolfram F. ed. Comparative Foreign Policy: Theoretical Essays. New York: David McKay, 1971.

_____"Dissolving International Politics: Reflections on the Nation State." The American Political Science Review 72, 4 (December 1978): 1276-1287.

Harris, R. The Political Economy of Africa. New York: John Wiley, 1975.

Hellener, Gerald K. Peasant Agriculture, Government, and Economic Growth in Nigeria. Homewood, Ill.: Richard D. Irwin, 1966.

Herskovitz, J. "Nigeria: Africa's New Power." Foreign Policy 29 (Winter, 1977): 167-188.

Herz, John H. The Nation-State and the Crisis of World Politics. New York: David McKay, 1976.

Hodgkin, Thomas. Nigerian Perspective: A Historical Anthology. London: Oxford Univeristy Press, 1960.

Holsti, K. J. International Politics: A Framework for Analysis. Englewood Cliffs, N.J.: Prentice-Hall, 1967.

Hopkins, A.G. An Economic History of West Africa. New York: Columbia University Press, 1973.

Hugo, Grant. Appearance and Reality in International Relations. New York: Columbia University Press, 1970.

Huntington, Samuel P. "Transnational Organiation and World Politics." World Politics XXV, 3 (April 1973): 333-369.

Idang, Gordon J. Nigeria: Internal Politics and Foreign Policy 1960-1966. Ibadan: Ibandan University Press, 1973.

International Bank for Reconstruction and Development, The Economic Development of Nigeria. Baltimore: The Johns Hopkins University, 1955.

Jacobson, Harold Karan and Zimmerman, William eds. The Shaping of Foreign Policy. New York: Atherton Press, 1969.

Katzenstein, Peter J. "Domestic and International Forces and Strategies of Foreign Economic Policy." International Organization 31, 4 (Autumn 1977): 587-606 and "Conclusion: Domestic Structures and Strategies of Foreign Economic Policy.": 879-920..

_____"International Relations and Domestic Structures: Foreign Economic Policies of Advanced Industrial States." International Organization 30, (Winter 1976): 1-45.

Keohane, Robert O. "Lilliputians' Dilemmas: Small States in International Politics" International Organization 23, 2, (Spring 1969): 291-310.

_____and Nye, Joseph S., Jr. Power and Interdependence: World Politics in Transition. Boston: Little, Brown and Company, 1977.

_____Transnational Relations and World Politics. Cambridge, Mass.: Havard University Press, 1970.

Kilby, Peter. Industrialization in an Open Economy: Nigeria, 1945-1966. Cambridge: Cambridge University Press, 1969.

Kindleberger, Charles P. Power and Money: The Economics of International Politics and the Politics of International Economics. New York: Basic Boks, 1970.

Kissinger, Henry A. American Foreign Policy: Three Essays. New York: Norton, 1969.

Knorr, Klaus. Power and Wealth: The Political Economy of International Power. New York: Basic Books, 1973.

Krasner, Stephen D. Defending the National Interest: Raw Material Investments and U.S. Foreign Policy. Princeton: Princeton University Press, 1978.

Lenin, V. I. Imperialism: The Highest Stage of Captialism. New York: International Publishers, 1977.

Lentner, Howard H. Foreign Policy Analysis: A Comparative and Conceptual Approach. Columbus, Ohio: Charles E. Merrill, 1974.

Lofchie, Michael F. ed. The State of the Nations: Constraints on Development in Independent Africa. Berkeley: University of California Press. 1971.

Luckham, Robin. The Nigerian Military: A Sociological Analysis of Authority and Revolt, 1960-67. Cambridge: Cambridge University Press, 1971.

Mabogunje, Akin L. "Urbanization in Nigeria: A Constraint on Economic Development" Economic Development and Cultural Change XIII, 4 (July, 1965): 413-438.

Macridis, Roy C. ed. Foreign Policy in World Politics 5th ed. Englewood Cliffs, N.J.: Prentice-Hall, 1976.

Madujibeya. "Oil and Nigeria's Economic Development". African Affairs 75, (July 1976): 284-316

Mayall, James. "Oil and Nigerian Foreign Policy" African Affairs 75 (July, 1976: 316-330.

McGowan, Patrick J. "Economic Dependency in Black Africa: An Analysis of Competing Theories." International Ortainzation 32, 1 (Winter 1978): 179-235.

_____"Economic Dependence and Economic Performance in Black Africa." Journal of Modern African Studies 14, (March 1976): 25-40.

McKay, Vernon. African Diplomacy: Studies in the Determination of Foreign Policy. London: Pall Mall Press, 1966.

Miliband, Ralph. The State in Capitalist Society. New York: Basic Books, 1969.

Miller, T. B. "On Writing About Foreign Policy" in James N. Rosenau, International Politics and Foreign Policy: A Reader in Research and Theory. New York: The Free Press, 1979. pp. 57-64.

Modelski, George. A Theory of Foreign Policy. New York: Frederick Praeger, 1962.

Moran, Theodore H. Multinational Corporation and the Politics of Dependence: Copper in Chile. Princeton: Princeton University Press, 1974.

_____"Multinational Corporations and Dependency: A Dialogue for Dependentistas" International Organization 32, 1, (Winter 1978): 79-100.

_____"The Theory of International Exploitation in Large Natural Resource Investment" in Steven J. Rosen and James R. Kurth eds. Testing Theories of Economic Imperialism. Lexington, Mass.: D. C. Heath, 1974.

Morganthau, Hans J. Politics Among Nations 5th ed. New York: Alfred Knopf, 1973.

Morse, Edward L. Modernization and the Transformation of International Relations. New York: The Free Press, 1976.

_____"The transformation of Foreign Policies: Modernization, Interdependence and Externalization". World Politics XXII, 3 (April, 1970): 371-392.

Murray, Robin. "The Internationalization of Capital and the Nation-State". New Left Review, 67 (May-June, 1971): 84-109.

Nafziger, E. Wayne. African Capitalism: A Case Study in Nigerian Entrepreneurship. Stanford: Hoover Institution Press, 1977.

Nettl, J. P. "The State as A Conceptual Variable". World Politics 20 (July 1968): 559-592.

Nzongola, Georges N. "The Bourgeoisie and Revolution in the Congo" Journal of Modern African Studies 8, 4 (December 1970): 511-30.

O'Connell, James." The Political Class and Economic Growth:" The Nigerian Journal of Economic and Social Studies 8,1(March 1966):129-140

O'Connor, James, The Fiscal Crisis of the State. New York: St. Martin's Press, 1973.

Ogunbadejo, Oye:"Nigeria and the Great Powers: The Impact of the Civil War on Nigerian Foreign Relations." African Affairs 75, 298(January 1976): 14-32

Odetola, Theophilus Olatunde, Military Politics in Nigeria: Economic Development and Political Stability. New Brunswick, N.J.: Transaction Books, 1978.

Odumosu, Oluwole Idowu, The Nigerian Constitution: History and Development. London: Sweet and Maxwell, 1973.

Ofoegbu, Mazi Ray and Obguagu, Chibuzo, S.A."Towards a New Philosophy of Foreign Policy in Nigeria" in A.B. Akinyemi ed., Nigeria and the World: Readings in Nigerian Foreign Policy. Ibadan: Oxford University Press, 1978.

Olorunsola, Victor A. Soldiers and Power: The Development Performance of the Nigerian Military Regime. Stanford: Hoover Institution Press, 1977.

Onimode, Bade "A Critique of Planning Concepts and Methodology in Nigeria" Review of Black Political Economy 7, 3 (Spring 1977):296-308.

"Imperialism and Multinational Corporations: A Case Study of Nigeria" Journal of Black Studies 9, 2 (Dec. 1978:) 207-232

Onyemelukwe,C.C. Problems of Industrial Planning and Management in Nigeria, London, Longmans,1966.

Osoba, S."Ideology and Planning for National Economic Development; 1946-72" in M. Tukur, ed. In Search of a New Political Community; The Nigerian Case: Report of a Conference Held at the Institute of Administration, Ahmadu, Bello University, Zaria (Nov. 1972):88-113.

_____"The Deepening Crises of the Nigerian National Bourgeoisie" Review of African Political Economy 13 (May-Aug. 1978):63-77.

Oyejide, T.A. Tariff Policy and Industrialization in Nigeria. Ibadan: Ibadan University Press,1975.

Panter-Brick, Keith ed., Soldiers and Oil: The Transformation of Nigeria: London, Frank Cass, 1978.

Pareto, Wilfred: Sociological Writings New York, Praeger, 1966.

Payer, Cheryl "The Perpetuation of Dependence: The IMF and the Third World" Monthly Review 23, 4 (September, 1971) pp. 37-49

Peemans, J. Ph. "The Social and Economic Development of Zaire Since Independence: An Historical Outline," African Affairs 74, 295(April, 1975):148-179

Phillips, Claude S. Jr. The Development of Nigerian Foreign Policy. Evanston: Northwestern University Press, 1964.

Post, Kenneth and Vickers, Michael. Structure and Conflict in Nigeria 1960-1966. London: Heineman, 1973.

Poulantzas, Nicos, Political Power and Social Classes. London: New Left Books, 1975.

Proehl, Paul O. Foreign Enterprises in Nigeria: Laws and Policies. Chapel Hill: University of North Carolina Press, 1965.

Rodney, Walter, How Europe Underdeveloped Africa. Dar es Salaam: Tanzania Publishing House, 1972.

Rosenau, James N. ed. International Politics and Foreign Policy. rev. ed., New York: The Free Press, 1969

ed. Linkage Politics: Essays on the Convergence of National and International Systems. New York: The Free Press, 1969.

Rothstein, Robert L., The Weak in the World of the Strong: The Developing Countries in the International System. New York: Columbia University, 1977.

Schatz, Sayre P. Nigerian Capitalism Berkeley: University of California Press, 1977

Schwarz, Jr. Frederick A.O. Nigeria; The Tribes, the Nation or the Race: The Politics of Independence Cambridge, Mass.: The M.I.T. Press, 1965.

Shaw, Timothy "The Semiperiphery in Africa and Latin America" Review of Black Political Economy 9, 4 (Summer 1979) pp. 341-58

——— and Malcolm Grive "Dependence or Development; International and Internal Inequalities in Africa" Development and Change, 8 (1979) pp. 377-408

Singer, Marshall. R.Weak States in a World of Powers: The Dynamics of International Relationships. New York: The Free Press 1972.

Spero, Joan Edelman. The Politics of International Economic Relations. New York: St. Martins Press, 1977

Sprout Harold and Margaret "Environmental Factors in The Study of International Politics " Journal of Conflict Resolution 1, 1(March 1957; 309-28

Stolper, Wolfgan F. Planning without Facts: Lessons in Resource Allocation from Nigeria's Development. Cambridge, Mass.: Howard University Press, 1966.

Stremlau , John J. The International Politics of the Nigerian Civil War 1967-1970. Princeton: Princeton University Press, 1977.

Sullivan, Michael P. International Relations Theories and Evidence. Englewood Cliffs, N.J.: Prentice-Hall 1976.

Sweezy, Paul M. The Theory of Capitalist Development, New York, Monthly Review, 1942.

Szymanski, Al" Capital Accumulation and the Necessity of Imperialism" Insurgent Sociologist VII,11, (Spring 1977): 35-53

Targ, Harry R. "Global Dominance and Dependence: Post-Industrialism and International Relations Theory: International Studies Quarterly 20, 3(Sept.1976) p.444-481

Teriba, O. and Kayode, M.O. eds. Industrial Development in Nigeria: Patterns Problems and Prospects. Ibadan: University of Ibadan Press, 1977.

Tilman, Robert O. and Cole, Taylor eds, The Nigerian Political Scene, Durham, N.C.: Duke University Press, 1962.

Thomas, Clive, Dependence and Transformation : The Economics of the Transition to Socialism: New York: Monthly Review Press, 1974.

Tucker, Robert W. The Inequality of Nations. New York: Basic Books, 1977.

Turner, Terisa,"Multinational Corporation and the Instability of the Nigerian State" Review of African Political Economy 5 (Jan-April, 1975) 63-79

Vengroff, Richard "Dependency and Underdevelopment: An Empirical Test" Journal of Modern African Studies, 15, 4 (Dec. 1977): 613-630

Viner, Jacob "Power vs Plenty as Objectives of Foreign Policy in the 17th and 18th Centuries," World Politics (October, 1948): 1-29.

Waltz, Kenneth N. Theory of International Politics. Reading, Mass: Addison Wesley, 1979.

_____ Man the State and War. New York: Columbia University Press, 1959.

Wallerstein,Immanuel, The Modern World System: Capitalist Agriculture and the Origins of the European World Economy in the Sixteenth Century. New York: Academic Press, 1974

_____ "Dependence in an Interdependent World: The Limited Possibilities of Transformation within the Capitalist World Economy" African Studies Review, 17, 1(April, 1974) 1-26

_____ "The Three Stages of African Involvement in World Economy" in Peter C.W. Gutkind and Immanuel Wallerstein, eds., The Political Economy of Contemporary Africa. Beverly Hills, SAGE, 1976, pp. 30-55.

Review of African Political Economy

Review of Black Political Economy

Review of Black Studies

(ii) Magazines

Africa

Afriscope

African Development

Business Times

Fortune

New African

The Economist

West Africa

(iii) Newspapers

Daily Times

New Nigerian

New York Times

The Herald

The Nigerian Observer

The Nigerian Standard

The Nigerian Tide

The Nigerian Tribune

The Punch

The Renaisance

The Sketch

The Times

The West African Pilot

Washington Post

APPENDIX I

NIGERIAN ENTERPRISES PROMOTION DECREE 1972

DECREE NO. 4

Arrangement of Sections

General

1. Establishment of Enterprises Promotion Board, etc.
2. Establishment of Enterprises Promotion Committees, etc.
3. Supplementary provisions as to proceedings, etc of the Board and of a State committee.

Promotion of Nigerian Enterprises

4. Enterprises exclusively reserved for Nigerian.
5. Enterprises partially barred to aliens.
6. Inspectors of enterprises.
7. Supply of information.
8. Alteration of the lists of enterprises.
9. Exemptions.

Offences and Penalties

10. Penalty for acting as a front.
11. Offences and penalties.
12. Additional penalty for contravention of sections 4 and 5 above.

Supplementary and Miscellaneous

13. Regulations and reports.
14. Right to petition.

15. Exclusion of rights.

16. Interpretation.

17. Citation and extent.

Schedules

Schedule 1--Enterprises exclusively reserved.

Schedule 2--Enterprises barred to aliens under certain conditions.

THE FEDERAL MILITARY GOVERNMENT hereby decrees as follows:

1. (1) There is hereby established a body to be known as the Nigerian Enterprises Promotion Board (in this Decree hereafter referred to as "the Board") which shall have and may exercise such functions as may be conferred on it by or under this Decree.

(2) The Board shall have general power to advance and develop the promotion of enterprises in which citizens of Nigeria shall participate fully and play a dominant role and in particular, without prejudice to the generality of the foregoing, the Board shall have power--

(a) to advise the Commissioner on clearly defined policy guide-lines for the promotion of Nigerian enterprises;

(b) to determine any matter relating to business enterprises in Nigeria generally in respect of commerce and industry that may be referred to it in accordance with any directive of the Commissioner, and to make such recommendations as may be necessary on those matters in such manners as may be directed by the Commissioner; and

(c) to perform such other functions as the Commissioner may determine or as may be conferred on it by this Decree or any other enactment, so however, that in the exercise of any power or the performance of any function by or under this Decree the Board shall

not act, in relation to any of the enterprises specified in Schedule 1 or 2 to this Decree which is purely a commercial undertaking, except on the advice of the Permanent Secretary, Federal Ministry of Trade.

(3) The members of the Board shall be appointed by the Commissioner and shall comprise--

(a) the Permanent Secretary, Federal Ministry of Industries, who shall be the Chairman;

(b) one representative each of the following Federal Ministries, that is--

(i) Trade

(ii) Finance;

(iii) Economic Development and Reconstruction; and

(iv) Internal Affairs; and

(c) three representatives of development or investment agencies incorporated in Nigeria.

(4) There shall be a Secretary to the Board who shall be an officer in the Federal Ministry of Industries.

(5) The Board shall hold office for such period as may be specified in the instrument of appointment.

2. (1) There is hereby established for each State a Nigerian Enterprises Promotion Committee (hereinafter in this Decree referred to as "the committee").

(2) The committee in each State shall consist of:

(a) the Permanent Secretary responsible for industries in the State who shall be the chairman of the com-

mittee;

(b) an officer in the Ministry of Trade;

(c) the Registrar of Co-operative Societies;

(d) three other persons to be appointed by the State Commissioner or State Commissioners, as the case may be, for trade and industries, and members of such committee shall hold office for such period as may be directed by the Military Governor of the State.

(3) The committee shall have power to co-opt any person to attend its meetings.

(4) The secretary of the committee shall be an officer in the Ministry of Trade or Industry of the State or any other fit and competent person in the public service of the State appointed by the Military Governor of that State.

(5) The principal function of the committee shall be

(a) to assist and advise the Board on the implementation of this Decree;

(b) to ensure that the provisions of this Decree shall be complied with by any alien resident or carrying on business in the State;

(c) to recommend to the Board such other measures as may be necessary in the opinion of the committee to enable full effect to be given to the provisions of this Decree; and

(d) to perform such other functions as may be assigned to it by the Board.

(6) If in any State any office mentioned in this section does not exist or is combined with another office the reference in any paragraph to the office mentioned therein shall be construed as a reference to that office or the offices so combined in the State which in the opinion of the Military Governor most nearly corresponds to the office so mentioned, and the decision of the Military Governor in this regard and as to the number of members of the committee shall be final.

(7) In this section, the reference to the Military Governor of the State includes a reference to the Administrator of East-Central State.

3. (1) Subject to such directions as may be given by the Commissioner, the Board or any committee established by this Decree may determine its own quorum, and may, subject as aforesaid, otherwise regulate its own proceedings.

(2) There may be paid to the members of the Board remuneration and allowances payable in accordance with the current regulations of the Government of the Federation.

(3) The validity of any proceedings of the Board or of any committee shall not be affected by

(a) any vacancy in its membership.

(b) any defect in the appointment of any member, and

(c) the fact that a person not entitled to do so takes part in the proceedings of the Board or, as the case may be, of the committee.

(4) The expenses of the Board in the exercise of its functions shall be paid out of funds provided by the Government of the Federation.

Promotion of Nigerian Enterprises

4. (1) All enterprises specified in Schedule 1 of this Decree are hereby, subject to the provisions of this Decree, exclusively reserved for Nigerian citizens or associations, and accordingly--

(a) as from the appointed day, no person, other than a Nigerian citizen or association, shall be the owner or part owner of any such enterprise in Nigeria; and

(b) no alien enterprise on or after the date of commencement of this Decree shall be established in Nigeria.

(2) For the purposes of subsection 1 (b) above, an enterprise shall be deemed to be an "alien enterprise", unless the entire capital or proprietary interest, whether financial or otherwise, in the enterprise in so far as it concerns any of the enterprises in Schedule 1 below, is also owned and controlled by Nigerian citizens or associations.

(3) Nothing in this section shall, as from the date of commencement of this Decree and before the appointed day, preclude the sale or transfer by any person of any of the enterprises affected by this seciton.

5. (1) All enterprises specified in Schedule 2 of this Decree are hereby, subject to the provisions of this Decree, barred to aliens, and accordingly, no alien shall, as from the appointed day, be the owner or part owner of any such enterprise--

(a) where

(i) the paid-up share capital of the enterprise does not exceed ₦400,000, or

(ii) the turnover of the enterprise does not exceed ₦1,000,000 whichever the Board considers to be appropriate and applicable in relation to such enterprise--and

(b) If the paid-up share capital exceeds ₦400,000 or the said turnover exceeds ₦1,000,000 (whichever is appropriate and applicable), where the equity participation of Nigerian citizens or associations in the enterprise is less than 40 per cent, and

no alien enterprise shall be established, on and after the date of commencement of this Decree, as respects any of the said enterprises, or continue to be operated otherwise than as permitted under this Decree.

(2) For the purposes of subsection (1) above--

(a) the references to the "paid-up share capital" and "turnover" of any enterprise relate to the paid-up share capital or the turnover of the enterprise, as reflected in the accounts submitted to the Federal Board of Inland Revenue for the purpose of income tax returns during the year of assessment 1968, 1969/70 and 1970/71 (whichever is the highest) or in the case of an enterprise established after 1st April 1971, subject as in subsection (1) above, from the year of assessment next following the year when such enterprise was established;

(b) "equity participation" means equity shares or other capital contributions; and

(c) an enterprise shall be deemed to be an alien enterprise--

(i) as respects the operation of subsection (1) (a) of this section, unless the paid-up share capital or proprietary interest, whether financial or otherwise, in the enterprise is also owned and controlled by Nigerian citizens or associations, and

(ii) as respects the operation of subsection (1) (b) of this section, unless the conditions therein stated regarding the equity participation of Nigerian citizens or associatons

in the enterprise are, as from the commencement of this Decree, complied with.

(3) Notwithstanding the foregoing provisions, an exemption may with the approval of the Federal Executive Council be granted in respect of any enterprise to which this section relates by the Commissioner--

(a) with a view to enabling any alien to comply with any of the conditions set out in subsection (1) (a) and (b) of this section; and

(b) on application made to him,

and the exemption may with such approval be granted, subject to such conditions as the Commissioner may on the recommendation of the Board specify, for an initial period of 6 months after the appointed day.

(4) Any exemption granted pursuant to the foregoing provisions may be renewed by the Commissioner on the recommendation of the Board and with the approval of the Federal Council for a further period of not more than 6 months at a time on any subsequent application therfor.

6. (1) Without prejudice to the operation of any other enactment, there shall be for the purposes of this Decree a number of inspectors of enterprises (in this Decree hereafter referred to as "inspectors") who shall be members of the public service of the Federation.

(2) The inspectors shall, subject to this section,

have such powers and carry out such functions as the Commissioner may confer on them.

(3) Notwithstanding the foregoing subsection (2), for the purpose of carrying out any of their functions, such inspectors--

(a) shall have a right of access at all times as may be necessary to any building or premises wehere any enterprise is being carried on or which they reasonably suspect is being used for any purpose to which this Decree relates;

(b) may inspect such building or premises, or business, in order to determine whether or not the building or premises is being used, or as the case may be the business as being carried on, for the purpose authorised by this Decree, and may require the production of all books of account or other documents and inspect them for ensuring that the provisions of this Decree are being complied with; and

(c) shall be entitled to require from the directors or other officers of the enterprises such information and explanation as may be deemed necessary.

(4) Any person, who--

(a) without lawful excuse the proof of which shall be on him--

(i) refuses to admit into his building or premises any inspector appointed under this section; or

(ii) denies such inspector the right to inspect the building or premises or the business for the determination of the matter specified in sub-section 3 (b) above; or

(iii) refuses or neglects to give any information which any inspector may require from him;

OR

(b) in respect of any request for information from any inspector, makes any statement which he knows to be false or which he has no reason to believe to be true; or

(c) in any way obstructs any inspector in the discharge of such functions as may be conferred on him by this section; shall be guilty of an offence under this Decree.

7. The Board may by instrument in writing, notwithstanding section 6 (3) above, request any person to furnish such estimates, returns, or other information as may be specified and he may by that instrument specify the time, manner and form in which such estimates, returns or information are to be furnished, and it shall be the duty of any such person to comply with the request.

8. The Commissioner may as from the commencement of this Decree and before the appointed day or such other day as may be specified for the purposes of any particular order (or in respect of any enterprise), by an order

published in the Federal Gazette with the prior approval of the Federal Executive Council--

(a) alter the list of enterprises specified, respectively in Schedules 1 and 2 of this Decree by way of addition, substitution or deletion;

(b) as specified in section 5 above, vary the amount of paid-up share capital of the enterprise, the turnover of the enterprise,the extent of the equity participation of Nigerian citizens or associations in the enterprise, and the years of assessment which shall be applicable or any of those matters; and

(c) make such different provisons in relation to different enterprises or as respects different areas of the Federation, and impose such terms and conditions as he may deem necessary.

(d) for section 9 thereof there shall be substituted the following new section--

'9. The Commissioner may, notwithstanding section 5 (3) and (4) above upon an application made to him in that behalf at any time before the appointed day and with the approval of the Federal Executive Council, by an order published in the Federal Gazette, exempt any enterprise from all or any of the foregoing provisions of this Decree and may, with such approval, impose in relation to any exemption such conditions as he may think fit".

Offences and Penalties

10. Any person, who--

(a) acts as a front or purports, for the purposes of defeating or in a manner likely to defeat the object of this Decree, to be the owner or part owner of any enterprise; or

(b) operates any enterprise for or on behalf of any alien who is under this Decree--

(i) not permitted to operate the enterprise; or

(ii) disqualified from operating the enterprise; or

(iii) not permitted to own or be part owner of such enterprise, shall be guilty of an offence under this section, and shall be liable on conviction to a fine of ₦15,000 or to imprisonment for a term of 5 years or both such fine and imprisonment.

(2) It shall not be lawful for any Nigerian citizen or association to employ, whether on full time or part time basis, any alien for the operation of any enterprise previously owned wholly or partly by that alien which the alien has disposed of pursuant to the provisions of the Decree, except with the written prior approval of the Federal Commissioner for Internal Affairs.

11. (1) any person found guilty of any offence under this Decree for which no penalty is provide shall upon

conviction be liable to a fine of ₦10,000 or to imprisonment for 5 years or to both such fine and imprisonment.

(2) Any person who contravenes any of the provisions of this Decree shall, except as otherwise prescribed, be guilty of an offence and shall be liable upon conviction to a fine of ₦1,000 or to imprisonment for 3 years or to both such fine and imprisonment.

(3) Where any offence under this Decree is committed by a body of persons then--

(a) in the case of a body corporate, other than a partnership or other association, every director or officer of that body shall be deemed to be guilty of the offence;

(b) in the case of a partnership or other association, every partner or officer of that body shall be deemed to be guilty of the offence.

(4) No person shall, however, be deemed to be guilty of an offence under subsection (3) above, if he proves to the satisfaction of the court that the offence was committed without his consent, and that he exercised all due diligence to prevent the commission of the offence having regard to all the circumstances.

12.--(1) Where, on or after the appointed day, any alien continues to be the owner or part owner of any enterprise in contravention of section 4 or 5 above, unless exempted under the provision of this Decree, it shall be lawful for the Board--

(a) to take over, sell or othersie dispose of the enterprise, and

(b) to distribute the proceeds of such sale or disposal (if any)--

1 (i) in the case of partnerships, to the proprietors of the enterprise duly registered as such under the Registration of Business Names Act 1962;

(ii) in the case of companies registered under the Companies Decreee 1968, to the shareholders of the company; and

(iii) in any other case, in such manner as may be directed by the Board, and

any expenses incurred by the Board in relation to; the exercise of any of the powers conferred by this subsection shall be a charge upon and be defrayed by the Board from the proceeds of such sale or disposal.

(2) It shall be sufficient for the purposes of taking over any enterprise under subsection (1) (a) of this section--

(a) in the case of partnerships, if the certificate of registration or business permit of the enterprise is cancelled;

(b) in the case of a company, if the certificate of registration or business permit of the company is cancelled; and

(c) in either case, if the assets of the association are registered by the Registrar of Business Names, or as the case may be, the Registrar of Companies or any person duly authorised to do so, in the name of the Federal Military Government.

(3) In this section, "business permit" means any business permit; issued pursuant to section 8 of the Immigration Act 1963.

13. (1) The Commissioner may make regulations generally for the purpose of giving effect to the provisions of this Decree, and may in particular, without prejudice to the generality of the foregoing provisions, make regulations--

(a) prescribing the forms for returns and other information required under this Decree;

(b) prescribing the detailed powers and functions of inspectors appointed for the purposes of this Decree;

(c) for the procedure for the obtaining of any information required under this Decree;

(d) requiring returns to be made, within the period specified therein, by any enterprise to which this Decree applied;

(e) prescribed any fees payable under this Decree; and

(f) prescribing such other matters as may be referred to him by the Federal Executive Council

(2) Any regulations made pursuant to subsection (1) above shall be presented to the Federal Executive Council for the approval of that Council together with any report and recommendations of the Board including any measures which the Commissioner proposes in relation thereto.

14. Any person aggrieved by any decision of the Board or by the exercise by the Board of any power under this Decree shall have the right to forward a petition on such grievance to the Commissioner who may, notwithstanding anything to the contrary in this Decree and subject to the approval of the Federal Executive Council, confirm or reverse the decision of the Board or take such further measures in relation to the petition as he may think just and reasonable.

15. Except as otherwise prescribed by this Decree, there shall be no right of appeal against any act, matter or thing done or proposed to be done by or under this Decree; and, without prejudice to the operation of any other enactment excluding the jurisdiction of a court of law in respect of certain proceedings, and for the avoidance of doubt, no proceedings by way of originating summons, certiorari, mandamus, prohibition, injunction or any other prerogative writ shall lie or be instituted

on account of or in respect of any such act, matter or thing done or purported to be done.

16. (1) In this Decree, unless the context otherwise requires, the following expressions have the meanings respectively assigned to them--

"alien" means a person or association whether corporate or unincorporate, other than a Nigerian citizen or association;

"appointed day" means 31st March 1974;

"Commissioner" means the Federal Commissioner for Industries;

"enterprise" includes any industrial or commercial undertaking;

"Nigerian citizen or association" means--

(a) a person who is a citizen of Nigeria by virtue of the Constitution of the Federation and the Nigerian Citizenship Act 1960;

(b) any person of African descent not being a citizen, of Nigeria, who is a national of any country in Africa which is a member country; of the Organisation of African Unity; and who continues to reside and carry on business in Nigeria, if the country of which he is a national also permits citizens of Nigeria to establish and operate businesses or enterprises in that country on the basis of reciprocity; and

(c) any company registered under the Companies Decree 1968 partnership, association or body (whether corporate or unincorporate), and except as otherwise prescribed by or under this Decree; the entire capital or other financial interest of which is owned wholly and exclusively by citizens of Nigeria;

"ownership" in relation to any enterprise includes any proprietary interest in the enterprise beneficially, and any derivattive of that word shall be construed accordingly;

"prescribed" means prescribe by this Decree or by regulations; and "supermarket" means supermarkets as may be defined from time to time by the Federal Executive Council; "year of assessment" has the same meaning as in the Companies Income Tax Act 1961.

(2) The reference in this Decree to "the equity participation of Nigerian citizens or associations" is a reference to the stocks and shares which Nigerian citizens or associations have; in such industry which do not bear fixed interest or dividend.

(3) The references in Schedule 1 and Schedule 2 to "Retail trade" and "Wholesale distribution" shall be construed, respectively, as including references to such retail and wholesale distribution as may be specified for the purposes of this Decree, with the approval of the Federal Executive Council, by an order made by the Commissioner.

(4) Section 15 above shall be so construed as to exclude the right to appeal against any decision of a court in connection with any criminal offence created under this Decree.

17. This Decree may; be cited as the Nigerian Enterprises Promotion Decree 1972 and shall apply throughout the Federation.

SCHEDULES

Sections 4 and 16

SCHEDULE I

ENTERPRISES EXCLUSIVELY RESERVED

Item

1. Advertising agencies and public relations business.
2. All aspects of pool betting business and lotteries.
3. Assembly of radios, radiograms, record changers, television sets, tape recorders and other electric domestic appliances not combined with manufacture of components.
4. Blending and bottling of alcoholic drinks.
5. Blocks, bricks and ordinary tiles manufacture for building and constructing works.
6. Bread and cake making.
7. Candle manufacture.
8. Casinos and gaming centres.
9. Cinemas and other places of entertainment.
10. Clearing and forwarding agencies.
11. Hairdressing.
12. Haulage of goods by road.
13. Laundry and dry-cleaning.
14. Manufacture of jewellery and related articles.
15. Newspapers publishing and printing.
16. Ordinary garment manufacture not combined with

production of textile materials.

17. Municipal bus services and taxis.
18. Radio and television broadcasting.
19. Retail Trade (except by or within the departmental stores and supermarkets).
20. Rice milling.
21. Singlet manufacture.
22. Tyre retreading.

SCHEDULE 2

Sections 5 and 16

ENTERPRISES BARRED TO ALIENS UNDER CERTAIN CONDITIONS

Item	List of Enterprises
1.	Beer brewing.
2.	Boat building.
3.	Bicycle and motorcycle tyre manufacture.
4.	Bottling soft drinks.
5.	Coastal and inland waterways shipping.
6.	Construction industries.
7.	Cosmetics and perfumery manufacture
8.	Departmental stores and supermarkets.
9.	Distribution agencies for machines and technical equipment.
10.	Distribution and servicing of motor vehicles, tractors and spare parts thereof or other similar objects.
11.	Estate agency.
12.	Fish and shrimp trawling and processing.
13.	Furniture making.
14.	Insecticides, pesticides and fungicides.
15.	Internal air transport (scheduled and charter services).
16.	Manufacture of bicycles.
17.	Manufacture of cement.

18. Manufacture of matches.
19. Manufacture of metal containers.
20. Manufacture of paints, varnished or other similar articles.
21. Manufacture of soaps and detergents.
22. Manufacture of suitcases, briefcases, handbags, purse, wallets, portfolios and shopping bags.
23. Manufacture of wire, nails, washers, bolts, nuts, rivets and other similar articles.
24. Paper conversion industries.
25. Passengers bus services (inter state).
26. Poultry farming.
27. Printing of books.
28. Production of sawn timber, plywood, veneers and other wood.
29. Screen printing on cloth, dyeing.
30. Slaughtering, storage, distribution and processing of meat.
31. Shipping.
32. Travel agencies.
33. Wholesale distribution.

MADE this 23rd day of February 1972.

GENERAL Y. GOWON,
Head of the Federal Military Government, Commander-in-Chief of the Armed Forces, Federal Republic of Nigeria

APPENDIX 2

NIGERIAN ENTERPRISES PROMOTION DECREE 1977

Arrangement of Sections

Sections

1. Establishment of Nigerian Enterprises Promotion Board, etc.
2. Establishment of Enterprises Promotion Committees for the States, etc.
3. Supplementary provision with respect to proceedings of State Committees.
4. Enterprises exclusively reserved for Nigerians. Schedule 1.
5. Enterprises in respect of which 60 per cent of equity must be owned by Nigerians. Schedule 2.
6. Enterprises in respect of which 40 per cent of the equity must be owned by Nigerians. Schedule 3.
7. Special provisions in respect of certain enterprises holding companies.
8. Definition of expressions used in sections 4 to 6.
9. Sale or transfer of enterprises to be subject to approval by the Board and the Capital Issues Commission.
10. Provisions supplementary to section 9.
11. General guidelines regarding approval of sales or transfer by the Board or Commission.
12. Inspection of enterprises.

13. Power to seal up premises.

14. Additional penalty for contravention of the ecree.

15. Supply of information.

16. Alteration of lists of enterprises.

17. Penalty for acting as a front.

18. Offences and penalties.

19. Power of inspector to conduct prosecutions, etc.

20. Regulations and reports.

21. Right to petition.

22. Exclusion of rights.

23. Interpretation.

24. Repeal and saving.

25. Citation and commencement

Schedules

Schedule 1.

Schedule 2.

Schedule 3.

Decree No. 3

THE FEDERAL MILITARY GOVERNMENT hereby decrees as follows:--

General

1.--(1) There shall continue to be a body to be known as the Nigerian Enterprises Promotion Board (in this Decree hereafter referred to as "the Board") which shall have and may exercise such functions as may be conferred on it by or under this Decree.

(2) The Board shall have general power to advance and promote enterprises in which citizens of Nigeria shall participate fully and play a dominant role and in particular, without prejudice to the generality of the foregoing, the Board shall have power--

(a) to advise the Commissioner on clearly defined policy guidelines for the promotion of Nigerian enterprises;

(b) to advise the Commissioner on measures that would assist in ensuring the assumption of the control of the Nigerian economy by Nigerians in the shortest possible time;

(c) to determine any matter relating to business enterprise in Nigeria generally in respect of commerce and industry that may be referred to it in accordance with any direction of the Commissioner and to make such recommendations as may be necessary on those matters in such manner as may be directed by the Commissioner; and

(d) to perform such other functions as the Commissioner may determine or as may be conferred on it by this Decree or any other enactment.

(3) The members of the Board shall be appointed by the Federal Executive Council and shall comprise--

(a) five Nigerians from outside the Public Services of the Federation or the States who shall be persons of proven integrity (one of whom shall be appointed as the Executive Chairman of the Board);

(b) a representative each of the following Federal Ministries, that is--

(i) Industries;

(ii) Finance;

(iii) Economic Development;

(iv) Trade; and

(v) Internal Affairs,

who shall be persons of the rank of Deputy Secretary or above;

(c) the Secretary of the Capital Issues Commission; and

(d) the Director of each of the Stock Exchanges in Nigeria.

(4) (a) The Executive Chairman of the Board referred to in subsection (3) (a) above shall be appointed by the Federal Executive Council on the recommendation of the Commissioner and shall hold office on such terms as the Federal Executive Council may from time to time approve.

The Executive Chairman shall preside over the meetings of the Board and shall be responsible for the day-to-day management of the affairs of the Board.

(b) There shall be a Secretary of the Board who shall be appointed by the Commissioner on the recommendation of the Board and who shall be the head of the Board's Secretariat and shall be responsible to the Chairman for the efficient implementation of the Board's decisions. The Secretary shall be in attendance at all meetings of the Board.

(5) The Board shall have power to co-opt any person to attend its meetings.

(6) A member of the Board shall hold office for such period as may be specified in his instrument of appointment.

2.--(1) There shall continue to be for each State a Nigerian Enterprises Promotion Committee (hereafter in this Decree referred to as "the Committee").

(2) The Committee in each State shall consist of--

(a) the Permanent Secretary responsible for Industries in the State who shall be chairman of the Committee;

(b) an officer in the Ministry of Trade;

(c) the Registrar of Co-operative Societies;

(d) six other persons to be appointed by the State Commissioner or State Commissioners, as the case may be, for trade and industries, and of the six persons at least three shall be Nigerians from outside the Public Service of the Federation or the States who shall be persons with

proven experience in commerce or industry;

and members of such Committee shall hold office for such period as may be directed by the Military Governor of the State.

(3) The Committee shall have power to co-opt any person to attend its meetings.

(4) The Secretary of the Committee shall be an officer in the Ministry of Trade or Industry of the State or any other fit and competent person in the public service of the State appointed by the Military Governor of that State.

(5) The principal functions of the Committee shall be--

(a) to assist and advise the Board on the implementation of this Decree;

(b) to ensure that the provisions of this Decree are complied with by any alien resident or carrying on business in the State;

(c) to recommend to the Board such other measures as may be necessary in the opinion of the Committee to enable full effect to be given to the provisions of this Decree; and

(d) to perform such other functions as may be assigned to it by the Board.

(6) If in any State any office mentioned in this section does not exist or is combined with another office the reference in any provision to the office mentioned there shall be construed as a reference to that office or the offices so combined in the State which in the opinion of the

Military Governor most nearly corresponds to the office so mentioned, and the decision of the Military Governor in this regard and as to the number of members of the Committee shall be final.

3.--(1) Subject to such directions as may be given by the Commissioner, the Board or any Committee established by this Decree may determine its own quorum, and may, subject as aforesaid, otherwise regulate its own proceedings.

(2) There may be paid to the members of the Board or any Committee remuneration and allowances payable in accordance with the current regulations of the Government of the Federation.

(3) The validity of any proceedings of the Board or of any Committee shall not be affected by--

(a) any vacancy in its membership;

(b) any defect in the appointment of any member; or

(c) the fact that any person not entitled to do so took part in the proceedings.

(4) The expenses of the Board in the exercise of its functions shall be paid out of funds provided by the Government of the Federation.

Promotion of Nigerian Enterprises

4.--(1) All enterprises specified in Schedule 1 to this Decree are hereby, subject to this Decree, exclusively reserved for Nigerian citizens or associations and accordingly--

(a) as from the appointed day no person, other than a Nigerian citizen or association, shall be the owner or part owner of any such enterprise in Nigeria; and

(b) no such enterprise shall be established in Nigeria by an alien on or after the commencement of this Decree.

(2) Nothing in this section shall as from the commencement of this Decree and before the appointed day preclude the sale or transfer in accordance with the provisions of this Decree by any person of any of the enterprises affected by this section.

5. Subject to this Decree, as from the appointed date no alien shall be the owner or part-owner of any of the enterprises specified in Schedule 2 to this Decree unless the equity participation of Nigerian citizens or associations in the enterprise is not less than sixty per cent.

6. Subject as aforesaid, as from the appointed date no alien shall be the owner or part-owner of any of the enterprises specified in Schedule 3 to this Decree unless the equity participation of Nigerian citizens or associations in the enterprise is not less than forty per cent.

7. (1) Notwithstanding sections 4, 5, and 6 above any alien who immediately before the commencement of this Decree was the owner or part-owner of any body corporate carrying on an enterprise the business of which comprised enterprises specified in Schedules 1, 2 and 3 to this Decree or in any two of those Schedules may after the appointed date continue to be owner or part-owner of any

such body corporate if--

(a) the annual turn-over of the body corporate was not less than ₦25,000,000;

(b) the business of the body corporate was being carried on in not less than 10 States in the Federation;

(c) the equity participation of Nigerian citizens or associations is by the 30th June 1977 not less than sixty per cent.

(2) Sections 4, 5 and 6 above shall not apply in the case of any non-trading holding company the subsidiary companies of which have in respect of the applicable enterprises by the appointed date, complied with the provisions of this Decree.

(3) For the purposes of subsection (2) above, the expressions "holding company" and "subsidiary company" have the meanings respectively assigned thereto in section 147 of the Companies Decree 1968.

8. For the purposes of section 4 above, an enterprise shall be deemed to be an alien enterprise unless the entire capital or proprietary interest, whether financial or otherwise, in the enterprise in so far as it concerns any of the enterprises in Schedule 1 to this Decree is also owned and controlled by Nigerian citizens or associations.

9.--(1) As from the commencement of this Decree no enterprise to which section 4 of this Decree applies (whether or not operated by or as a company) and no enterprise to which section 5, 6 or 7 of this Decree applies which is

being operated otherwise than by or as a public company shall be sold or in any manner transferred to Nigerian citizens unless the approval of the Capital Issues Commission (hereafter referred to as "the Commission") has been obtained with respect to--

(a) the price at which the shares are to be sold or transferred and the timing of the sale; and

(b) the terms and other conditions pertaining to the sale or transfer, including the manner of the selection of the buyers or transferees or, where applicable, the manner of the allotment of the shares among the buyers or transferees.

(3) This section shall have effect notwithstanding any other requirement in any law (including, where applicable, the Companies Decree 1968) and such other law shall be construed subject to this Decree.

(4) Without prejudice to subsection (3)above, the powers conferred on the Commission under the Capital Issues Decree 1973 shall be construed as including power to grant approvals for the purposes of this Decree and any rules made by the Commission may be adapted or otherwise modified by the Commission for the purposes of this Decree.

(5) Notwithstanding anything to the contrary in this section the Commission shall be charged with the function of determining the prices of shares in enterprises to which the Decree relates and in the case of public companies there shall be an Allotment Committee of that Commission which shall consist of the following persons that is--

(i) a representative of the Board,

(ii) a representative of the Lagos Stock Exchange, and

(iii) a representative of the appropriate issuing house.

10.--(1) Where approval of the Board or, as the case may be, of the Allotment Committee of the Commission has not been obtained as required under section 9 of this Decree or if any application in relation therto has been refused--

(a) any sale or transfer of any enterprise concerned or of any shares or other proprietary interest in or in respect of any affected enterprise shall be void and shall be of no effect; and

(b) any moneys received in relation to or connected with any of the transactions referred to in the section shall forthwith be repaid without interest by the vendor or transferor, and if any such money is not repaid within 14 days after the date of the notification of the refusal to give the approval the directors of any company concerned shall be jointly and severally liable to repay that money with interest at the rate of five per cent per annum from the expiration of the 14th day : Provided that a director shall not be liable if he proves that the default in the repayment of the money is not due to misconduct or negligence on his part, and that all the

moneys involved had been kept in a separate bank account to facilitate repayment.

(2) The reference in paragraph (b) of subsection (1) above to "directors of a company" shall--

(a) in the case of a partnership, be construed as a reference to the partners of the body concerned; and

(b) in the cae of any other unincorporated body, be construed as a reference to the person in whom is vested the beneficial ownership of the enterprise concerned.

11.--(1) In considering applications for approval pursuant to section 9 of this Decree the Board or, as the case may be, the Allotment Committee of the Commission shall have regard to the following general quidelines, that is to say:--

(a) Beneficial ownership of the enterprises affected should be as widespread as the circumstances of each case would justify and deliberate efforts must be made to prevent the concentration of ownership in a few hands.

(b) Except in the case of owner-managers, no enterprise should be sold or transferred to a single individual to be allowed to have control of more than one enterprise.

(c) Where appropriate, allotment rules made or approved by the Board or the Allotment Committee of the Commission as appropriate shall be such that would ensure that--

(i) no individual holding more than 5 per cent of equity of an enterprise or holding a portion of the equity valued at more than ₦50,000, whichever is the higher, is alloted any further portion of the equity in that enterprise;

(ii) no individual shall be alloted more tha 5 per cent of the equity of an enterprise or any portion of the enterprise valued at more than ₦50,000, whichever is higher;

(iii) no individual shall be alloted any portion of the equity of an enterprise that would make any holding of that individual of the equity of the enterprise concerned to exceed 5 per cent of the total equity of that enterprise or to attain a value exceeding ₦50,000, whichever is higher.

(d) Not less than 10 per cent total equity shares of any Schedule 2 or 3 enterprise or where only a fraction is being sold not less than 10 per cent of the amount of sale is reserved for the employees of the enterprise concerned and of the 10 per cent not less than one half shall be reserved for the non-managerial staff.

(e) Consideration in a form acceptable to the Board or the Commission should pass from the transferee to the seller or transferor and, where appropriate, all rights including agency rights, sole representation and all other ancillary rights should pass to the buyer or transferee.

(2) For the purposes of subsection (1) above, the Allotment Committee shall have regard to information as to the existing shareholdings of indivuduals seeking to acquire further interests in enterprises to which this Decree relates.

12. (1) Without prejudice to the operation of any enactment, there shall continue to be for the purposes of this Decree a number of inspectors of enterprises (in this Decree hereafter referred to as "inspectors") who shall be designated as such by an order published in the Federal Gazette by the Commissioner from among members of the public services of the Federation and of the States, and when so designated the inspectors shall, as respects any exercise of the functions conferred upon them by virtue of this Decree be responsible to the Board and no other person or authority.

(2) The inspectors shall, subjecto to this section, have such powers and carry out such functions as the Board may confer on them.

(3) Notwithstanding subsection (2) above, for the purpose of carrying out any of their functions, such inspectors--

(a) shall have a right of access at all times as may be necessary to any building or premises where any enterprise is being carried on or which they reasonably suspect is being used for any purpose to which this Decree relates;

(b) may inspect such building or premises, or business in order to determine whether or not the building or premises is being used, or as the case may be, the business is being carried on, for the purposes authorized by this Decree, and may require the production of all books of account or other documents and inspect them for ensuring that the provisions of this Decree are being complied with; and

(c) shall be entitled to require from the directors or other officers of the enterprise such information and and explanation as may be deemed necessary.

(4) Any person, who--

(a) without lawful excuse the proof of which shall lie on him--

(i) refuses to admit into his building or premises any inspector appointed under this section; or

(ii) denies such inspector the right to inspect the building or premises or the business for the determination of the matter specified in subsection (3) above; or

(iii) refuses or neglects to give any information which any inspector may require from him; or

(b) in respect of any request for information from any inspector, makes any statement which he knows to be false or which he has no reason to believe to be true; or

(c) in any way obstructs any inspector in the discharge of such functions as may be conferred on him by this section,

shall be guilty of an offence under this Decree.

13. (1) If the Board is satisfied that--

(a) an alien has been engaging in any of the enterprises specified in Schedule 1 to this Decree; or

(b) that an alien enterprise is being carried on in contravention of section 5, 6 or 7 or any other provision of this Decree,

the Chairman of the Board may direct an inspector to seal up any premises in which the offending enterprise is being carried on.

(2) Whenever an inspector has sealed up any premises he shall be deemed to have been duly directed to do so by the Chairman.

(3) Every police officer shall if called upon by an inspector give all reasonable assistance to the inspector necessary to effect the sealing up of any affected premises and to prevent unauthorised persons from having access to or interfering with the premises or any goods contained therein.

14.--(1) Where, on or after the appointed day, any alien continues to be the owner or part owner of any enterprise in contravention of section 4 of this Decree, it shall be lawful for the Board--

(a) to take over, sell or otherwise dispose of the

enterprise, and

(b) to distribute the proceeds of such sale or disposal (if any)--

(i) in the case of partnerships, to the proprietors of the enterprise duly registered under the Registration of Business Names Act 1961 or any other applicable law;

(ii) in the case of companies, to the share-holders of the company; and

(iii) in any other case, in such manner as may be directed by the Board; and

any expenses incurred by the Board in relation to the exercise of any of the powers conferred by this subsection shall be a charge upon and be defrayed by the Board from the proceeds of such sale on disposal.

(2) It shall be sufficient for the purposes of taking over any enterprise under subsection (1) (a) of this section--

(a) in the case of partnerships, if the certificate of registration or business permit of the enterprise is cancelled;

(b) in the case of a company, if the certificate of registration or business permit of the company is cancelled; and

(c) in other cases, if the assets of the association are registered by the Registrar of Business Names, or as the case may be, the Registrar of Companies or any per-

son duly authorised to do so, in the name of the Federal Military Government.

(3) In this section "business permit" means any business permit issued pursuant to section 8 of the Immigration Act 1963.

15. (1) The Board may by instrument in writing, request any person carrying on any enterprise to which this Decree relates to furnish such estimates, returns or other information as may be specified and he may by that instrument specify the time, manner and form in which such estimates, returns or information are to be furnished, and it shall be the duty of any such person to comply with the request.

(2) Any person, who--

(a) refuses or neglects to give any information which the Board may require pursuant to subsection (1) above; or

(b) in respect of the information so required makes any statement which he knows to be false or which he has no reason to believe to be true,

shall be guilty of an offence and shall on conviction be liable to a fine of ₦1,000 or to imprisonment for three years.

16. The Commissioner may with the prior approval of the Federal Executive Council as from the commencement of this Decree and before the appointed day or such other day as may be specified for the purposes of any particular or-

der (or in respect of any enterprise by an order published in the Gazette--

(a) alter the list of enterprises specified, respectively in Schedules 1, 2 or 3 to this Decree by way of addition, substitution or deletion;

(b) as respects section 6 or 7 above, vary the extent of the equity participation of Nigerian citizens or associations in the enterprise;

(c) make such different provisions in relation to different enterprises or as respects different areas of the Federations, and impose such terms as he may deem necessary.

Offences and Penalties

17. (1) Ay person who--

(a) acts as a front or purports for the purpose of defeating or in manner likely to defeat the object of this Decree, to be the owner or part owner of any enterprise; or

(b) operates any enterprise for or on behalf of any alien who is under this Decree--

(i) not permitted to operate the enterprise; or

(ii) disqualified from operating the enterprise; or

(iii) not permitted to own or be part owner of such enterprise,

shall be quilty of an offence under this section, and shall be liable on conviction to a fine of ₦15,000 or to imprisonment for a term of 5 years or to both such fine

and imprisonment.

(2) It shall not be lawful for any Nigerian citizen or association to employ, whether on full time or part time basis, any alien for the operation of any enterprise previously owned wholly or partly by that alien which the alien has disposed of pursuant to the provisions of this Decree, except with the prior approval of the Federal Commissioner for Internal Affairs after consultation with the Board.

18. (1) Any person found guilty of an offence under this Decree for which no penalty is provided shall upon conviction be liable to a fine of ₦10,000 or to imprisonment for 5 years or to both such fine and imprisonment.

(2) Where an offence under this Decree is commited by a body of persons, therein--

(a) in the case of a body corporate, every director or officer of that body shall be deemed to be guilty of the offence;

(b) in the case of a partnership or other association, every partner or officer of that body shall be deemed to be guilty of the offence.

(3) A person shall, however, be deemed to be guilty of an offence under subsection (2) above, if he proves to the satisfaction of the court that the offence was committed without his consent and that he exercised all due diligence to prevent the commission of the offence having regard to all the circumstances.

19. (1) Subject to section 104 of the Constitution of the Federation (which relates to the power of the Attorney-General of the Federation to institute, continue or discontinue criminal proceedings) any inspector or officer of the Board may in a court of competent jurisdiction prosecute an offender for an offence under this Decree.

(2) It shall not be an objection to the competency of an inspector to give evidence as a witness in any prosecution for an offence under this Decree that the action is prosecuted or conducted by that inspector.

Miscellaneous Provisions

20. (1) The Commissioner may make regulations generally for the purpose of giving effect to the provisions of this Decree, and may in particular, without prejudice to the generality of the foregoing provision, make regulations--

(a) prescribing the forms for returns and other information required under this Decree;

(b) prescribing the detailed powers and functions of inspectors;

(c) prescribing the procedure for obtaining any information required under this Decree;

(d) requiring returns to be made, within the period specified therein, by any enterprise to which this Decree applies;

(e) prescribing any fees payable under this Decree; and

(f) prescribing such other matters as may be referred to him by the Federal Executive Council.

(2) Any regulations made pursuant to subsection (1) above shall be presented to the Federal Executive Council for the approval of that Council together with any report and recommendations of the Board including any measures which the Commissioner proposes in relation thereto.

21. Any person aggrieved by a decision of the Board or by the exercise of any power under this Decree shall have the right to forward a petition on such grievance to the Commissioner who may, notwithstanding anything to the contrary in this Decree and subject to the approval of the Federal Executive Council, confirm or reverse the decision of the Board or take such further measures in relation to the petition as he may think just and reasonable.

22. Except as otherwise prescribed by this Decree, there shall be no right of appeal against any act, matter or thing done or purported to be done by or under this Decree; and without prejudice to the operation of any other enactment excluding the jurisdiction of a court of law in respect of

SCHEDULES

SCHEDULE 1 Section 4

Enterprises Exclusively Reserved for Nigerians

1. Advertising and public relations business.
2. All aspects of pool betting business and Lotteries.
3. Assembly of radios, radiograms, record changers, television sets, tape recorders and other electric appliances not combined with manufacture of components.
4. Blending and bottling of alcoholic drinks.
5. Blocks and ordinary tile manufacture for building and construction works.
6. Bread and cake making.
7. Candle manufacture.
8. Casinos and gaming centres.
9. Cinemas and other places of entertainment.
10. Commercial transportation (wet and dry cargo and 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 parts.
14. Electrical repair shops other than repair shops associated with distribution of electrical goods.
15. Establishments specialising in the repair of watches, clocks and jewellery, including imitation jewellery for the general public.

16. Estate agency.
17. Film distribution (including cinema films).
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 jewellery and related articles, including imitation jewellery.
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. Retail trade (except by or within departmental stores and supermarkets).
35. Rice milling.
36. Singlet manufacture.
37. Stevedoring and shorehandling.

38. Tyre retreading.
39. Travel agencies.
40. Wholesale distribution of local manufactures and other locally produced goods.

SCHEDULE 2 Section 5

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 brewing.
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 services; fashion designing.
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 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, pesticides and fungicides.
19. Internal air transport (scheduled and charter services.
20. Insurance--all classes.
21. Lighterage.
22. Manufacture of bicycles.
23. Manufacture of biscuits and similar dry bakery products.
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.
30. 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 plastic products such as plastic dinnerware, 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 and cigarette holders.
40. Mining and quarrying.
41. Oil milling, cotton ginning and crushing industries.
42. Paper conversion industries.
43. Plantation 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, periodicals 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 finishing.
56. Wholesale distribution of imported goods.
57. Photographic studios, including commercial and aerial photography.

SCHEDULE 3 Section 6

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, abrasive; 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 (fabricated metal) cutlery, hand tools and general hardware.
12. Manufacture of structural metal products-components of bridges, tanks, metal doors and screens, window frames.
13. Manufacture of miscellaneous fabricated metal products, except machinery and equipment, such as safes and vaults; steel springs furnaces; stoves, and the like.
14. Manufacture of engines and turbines.
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, and the like.
18. Manufacture of office, computing and accounting machinery.
19. Manufacture of other machinery and equipment except electrical equipment, pumps, air and gas compres-

sors; 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 appliances and houseware.
23. 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.
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 supplies and orthopedic and prosthetic appliances.
29. Manufacture of photographic and optical goods.
30. Manufacture of watches and clocks.
31. Ocean transport/shipping.
32. Oil servicing 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 a fee or contract basis).
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.

Made at Lagos this 12th day of January 1977.

Lt.-General O. Obasanjo,
Head of the Federal Military Government,
Commander-in-Chief of the Armed Forces,
Federal Republic of Nigeria

Explanatory Note

(This note does not form part of the above Decree but is intended to explain its effect)

The Decree re-enacts the Nigerian Enterprises Promotion Decree 1972 to introduce provisions necessary for the implementation of the next stage of the indigenisation programme. The effective date of the Decree is 29th June 1976 while the appointed date, that is, the date on which all affected enterprises are expected to have complied with the applicable provisions of the Decree is 30th June 1977 in the case of enterprises to which section 7 applies, and 31st

December 1978 in every other case.

Published by Authority of the Federal Military Government of Nigeria and Printed by the Ministry of Information, Printing Division, Lagos.

APPENDIX 3

TERMS OF REFERENCE OF THE INDUSTRIAL ENTERPRISES PANEL

The Industrial Enterprises Panel was set up on 17th November, 1975, with the following terms of reference:-

1. To examine the Nigerian Enterprises Promotion Decree 1972 with a view to:-

   (a) Reporting on its implementation to-date and assessing the extent to which the aims and objectives of the Federal Military Government in establishing the scheme had been achieved and if not fully achieved identifying various devices employed in circumventing the provisions of the Decree.

   (b) Identifying cases where the basis and spread of ownership are considered to be restrictive and not in keeping with the aims and objectives of the source and recommending a more rational system for the participation by Nigerian citizens and associations in similar enterprises in future.

   (c) Recommending amendments to the Decree with a view to expanding the enterprises affected by it, as well as increasing the level of indigenous participants in such enterprises.

(d) Examining the present market for stocks and shares, and reporting on ways by which fairer and freer market could be established.

(e) Setting up the criteria for the establishment of new enterprises, whether foreign or indigenous controlled, with stated and immediate objectives which accord with national aspirations.

2. To plan the methodology and mechanics, e.g. financing, etc. of meaningful and rapid indigenization of Industrial and Commercial enterprises within and outside the scope of the indigenization scheme and make recommendations theron to the Federal Government.

3. (a) To examine the present expatriate quota system as it affects managerial staff of enterprises operating in Nigeria, whether affected by the enterprises promotion legislation or not, and to report thereon.

(b) To assess the effect of the recent amendment to the Immigration Act on the success of the present indigenization scheme and likely effect on a similar scheme in the future.

(c) To report on the development and use of indigenous managerial capacity in the country and on managerial structure of business affected by

the scheme and foreign controlled companies in Nigeria and recommend measures which will ensure that managerial responsibilities are assigned to Nigerian executives.

4. To consider the role and serviceability of the Nigerian Bank for Commerce and Industry.

5. On 30th January, 1976, the terms of reference of the Panel were extended to cover:-

   (a) The role and serviceability of the Nigerian Industrial Development Bank Limited in the context of the substantial funds which the Federal Government has earmarked for the institution;

   (b) Identification of suspected fraudulent sales and cases of fronting under the Indigenization scheme.

6. The membership of the Panel is as follows:-

Chairman: Oluwole A. Adeosun,
Investment Manager,
Nigerian Acceptances Limited,
and Director, Nigerian Stockbrokers Limited,
Lagos.

Members: Alhaji Adebayo Adetunji, J.P.,
Private Businessman and
President of Ibadan Chamber of Commerce,
Ibadan.

Fred A. Brume,
Controller of Investment Supervision,
Nigerian Bank for Commerce and Industry,
Lagos.

Chief Olisa. Chukura,
Legal Practitioner,
Ibadan.

Henry O. Omenai,
Company Director,
Lagos.

Alhaji A.M. Sango,
Private Businessman,
Jos.

Hamza R. Zayyad,
Managing Director,
New Nigeria Development Limited,
Kaduna.

7. The Panel held its inaugural meeting on 3rd December, 1975, during which analysis of its terms of reference was made.

8. The Panel invited memoranda and views of several individuals, institutions, departments of governments, trade unions and professional bodies. The list of invitees and unsolicited meoranda received is shown in Appendix I.

APPENDIX 4

NIGERIAN ENTERPRISES PROMOTION DECREE 1972

LIST OF SUSPECTED CASES OF FRONTING

	Companies	Remarks
1.	Itager Builders Ltd. 3 Jibowu Street P. O. Box 461	The company increases its capital and issued 40% to Mr. Adekeale Ojora to be paid for from future dividends. Alleged consideration ₦160.000.
2.	Ahma Industries 13 Broad Lagos	No Nigerians paid any amount. No agreement available as to how Nigerians will pay.
3.	Jaysons Enterprises Ltd. 23 Ereko Street, Lagos	No change of ownership registered. No shareholders Register. No Certificate. No share transfer document agreement of sales were window dressing.

4.	Bonny Oil and Gas Co. Broad Street Western House, Lagos	Share Certificate not given to Nigerian buyers, No payment by Nigerians yet, future payment over 5 years. No document of title to shares by Nigerian owners.
5.	Beeo Industries Mile 9 Lagos Ikorodu Road, P.M.B. 1086 Maryland, Ikeja	Nigerian partners could not produce any document of transfer or title to shares.
6.	Apapa Sunrise Stores 93 Kofo Abayomi, Apapa	Used his employee as fronts, no shares certificates, no transfer document, no payment, etc.
7.	Pig Boss Fixed Odds 786 Lebanon Street Ibadan.	The Nigerian Mr. Atanda is suspected to be a front.
8.	Paltaz Building & Technical Company Limited 27 Greek Road Apapa, Lagos	Alleged Nigerian owners have no share certificates, paid nothing. Received some amount from

		the company as salary for attending meeting and helping the company.
9.	Otto Wolff (Nig.) Ltd. 38 Warehouse Road Apapa	The claim that Mr. Balogun is a bona fide shareholder is in doubt.
10.	Hashim Nigeria Ltd. 8 Main Street, Zaria	Two Nigerian Shareholders withdrew and their shares were bought over by company from internal funds.
11.	Haidar Ali Benin City c/o Jinx Enterprises 1st East Circular . Benin City.	Mr. Haida Ali was deported, his alien children are operating gaming machines left by him under the cover of Mrs. A. A.Amene, wife of a police officer. Wife receives ₦300 per month while husband receives ₦1,000 per month

12. Maizambura Fixed Odds A.C.B. Building Benin City	Company being managed under the umbrella of another company, Unisco Fixed Odds, purported to be owned by Nigerians under an undisclosed agreement.
13. Shade's Boutique, Lagos 11 Broad Street, Lagos	Registered in the name of one Nigerian and two ex-American consuls. The Nigerian purports to have taken over the whole business but there is no valid evidence.
14. Cash Fixed Odds, 3 Ofummwegbe Lane Benin City	This company appears to be owned by one Mr. Elgaitani, deported from Nigeria. It is operated by one Mr. Robert Abed, while Mr. Raymond Younis is the sole signatory to the Bank Account, while the company is purported

18. Lileshall (Nig.) Ltd. 40 Marina Lagos	Entire 40% allegedly bought by Oteri Holdings Limited for ₦79,986.
19. Neptune Constructions Limited 12 Makoko Road Yaba	Entire 40% bought by Mr. Bolanle A. Adeleke for ₦116,000.
20. Mandilas Limited 96/102, Broad Street Lagos	Entire 40% consisting of 1,830,000 shares of ₦2 each bought by a nationalised Nigerian at ₦3,600,000 - Mr. J. B. Mandilas.
21. Ghalayini Bros. Motor Engineers Plot 11, Aliyu Road P. O. Box 199 Kadina	40% amounting to ₦175,000 supposedly transferred to Alhaji H. Dan Agalan
22. Nigeria Ocean Products Limited Western House, 17th Floor	Entire 40% allegedly sold to Alhaji Waziri Ibrahim for ₦2,200.

8/10 Broad Street, Lagos	
23. K. Chellaram & Sons (Nigeria) Ltd. 54, Marina, Lagos	150,000 shares of ₦2 each out of 173,000 sold to 3 Nigerians for ₦150,000
24. Coast Construction (Nig.) Limited 12 Creek Road Apapa	Entire 40% allegedly sold to Alhaji W. Ibrahim for ₦162,000.
25. Complete Home Enterprises 38 Agege Motor Road P. O. Box 97 Mushin	Entire 40% allegedly sold to L. O. Urhobo for ₦42,000.
26. Aero Contractors Co. of Nig. Limited 8/10 Broad Street Lagos	Entire 40% allegedly sold to Oteri Holdings Limited for ₦164,000.
27. Construction Industries Company Limited 233, Apapa Road Iganmu, Box 22, Agapa	Entire 40% allegedly bought by Chief Ekwejunor Etchie and his Company for ₦1000,000

28. Borini Prono Industrial Company (Nig.) Ltd. 11 Burma Road Apapa	85,000 shares of N20 each amounting to ₦1.7 million allegedly sold to 3 individuals for ₦350,000.
29. F. Steiner & Co. Ltd.	Entire 40% sold to Chief M. C. O. Ibru and Oteri Holdings Limited for ₦3,434.
30. L. D'alberto & Co. Ltd. 150 Broad Street Lagos	40% allegedly sold to 2 Nigerians for ₦10,100.
31. Ovaltine (WA) Ltd. 597 Adeniyi Street . Stadium Road P. O. Box 604 Ibadan	40% shares sold to Company Beverage (Nig.) Limted for ₦158,000, the mode of compliance suspect.
32. G.E.M. Construction 37/506/7 Lagos Road P. O. Box 1228 Ibadan	40% sold to 2 nationalised Nigerians for ₦164,000 namely M.A.K. Zard and R.A.K. Zard in equal proportions.

33.	Intra Motors (Nigeria) 16 Ijora Causeway Lagos	200,000 shares allegedly bought by Rivers State Government for ₦400,000 but not paid for.
34.	Zabadne & Co. Limited 93/94 Broad St., Lagos	40% sold to Oteri Holdings Limited for ₦20,000.
35.	Antoin B. Webbe & Co. 50 Lebanon Street Ibadan	40% Partnership capital sold to an alien, Joseph A. Mouktar.
36.	Guffanti Nig. Co. Ltd. 13 Commercial Road P. O. Box 123 Apapa	40% sold to 6 Nigerians for undisclosed amount.
37.	Western Nigeria Trading Company Mastry Building Idimoli, Ibadan	44,000 shares of ₦2 each allegedly sold for undisclosed amount.
38.	Carrara Marble Co. Ltd. 42-44, Jebba Street Ebute-Metta, Lagos	40% allegedly sold to one Mr. Alabi for ₦160,000.

39. Narumal & Sons (Nig.) Limited P. O. Box 1300, Lagos	199,000 shares of ₦ each allegedly sold to 2 Nigerians for ₦398,000.
40. Atlas (Nigeria) Ltd. 6, Labinjo Lane Lagos	40% allegedly sold to Ado Ibrahim Property Limited for ₦129,000.
41. Reynolds Construction Company (Nig.) Ltd. Federal Palace Hotel P. O. Box 100 Lagos	40% allegedly sold to 2 Nigerians for ₦176,000.
42. Ali Jaffar & Sons Ltd. 22, Fagge Takudu Kano	40% allegedly sold to 4 Nigerians for undisclosed amount.
43. W. F. Clarke (Nig.) Ltd. Industrial Street Ilupeju, Ikeja	40% allegedly sold to Oteri Holdings Limited for undisclosed amount.
44. Kaysons & Co. 4 Edidi Lane Lagos.	40% allegedly sold to a woman for undisclosed amount.

45. Panalpina World Transport (Nig.) Ltd. 1/4 Sapele Road Apapa	177,000 shares allegedly sold to Alhaji S. Dantata and Mr. D. O. Dafinone for ₦354,000.
46. Motor Engineering Service Nig. Limited 60 Apapa Road Ebute-Metta	36,750 shares of ₦2 each allegedly sold to Mr. John H. Bassey of Railways, Ebute-Metta.
47. Overseas Construction Co. (Nigeria) Ltd. 281, Agepe Motor Road Mushin, Lagos or Off Chief Okupe Estate Ikorodu Road Lagos	200,000 shares sold to one Nigerian company for ₦400,000
48. Boulos Enterprises Ltd. 216 Broad Street Lagos	40% sold to Mr. & Mrs. Akintola Williams for ₦42,000.

49.	A. J. Missri & Co. Ltd. 40, Marina, Lagos	32,000 shares believed bought by Uche Okafor & others for ₦64,000.
50.	Stokvis-Nigerian Tool & Die Co. Ltd. Dawodu Lane Ebute-Metta Lagos	50,000 shares (40%) allegedly sold to Mr. Babatunde O. Benson Solicitor, not connected with management.
51.	Triumph (Nig.) Ltd. 26 Dantata Road Kano	40% allegedly sold to Alhaji B. Potiskum for ₦160,000.
52.	Hanein & Solomons Ltd. 10, Makoko Road Yaba	87,532 shares (40%) of ₦2 each allegedly sold to Mr. F. J. Solomon of Kaduna for ₦175,064.
53.	Italdomus and Co. Ltd. 162, Yakubu Gowon Drive Port Harcourt.	80,000 shares (40%) allegedly sold to one Mr. S. Uzor for ₦160,000.
54.	Colaba Co-operation 21 Obun Eko Street Lagos	24,000 allegedly "sold" to Mrs. A. Surakatu for ₦24,000 to be paid from

55. Nigerian Wire Industries Limited Industrial Estate P. O. Box 50, Ikeja	600,000 shares of ₦1 each allegedly sold to 2 Nigerians in Kano and Lagos for ₦375,000 and ₦225,000 respectively.
56. Asiana Enterprises (Nigeria) Limited 126, Nnamdi Azikime St. Lagos	20,000 shares of ₦1 each allegedly sold to one Mr. N. Taiyese for ₦20,000.
57. Nigeria Iron & Wood Factory Limited 15 Yakubu Gowon St. Kano	92,250 shares of ₦2 each allegedly sold to 4 Nigerians for undisclosed amount.
58. Nigerian Hardwood Co. (Nigeria) Limited Abraka Via Sapele	40% of shares at ₦2 each allegedly sold to Chief Mr. M.C.O. Ibru and Oteri Holdings Limited for ₦10,000.
59. Knight Frank & Rutley (Nigeria) Limited 47 Marina, Lagos	Number of shares allotted to Nigerians not indicated.

60. Nigerian Explosives and Plastic Co. Limited Oke Afa Isolo,	105,000 shares of ₦2 each bought by Chief E. O. Ashamu. Amount not indicated.
61. Ibadan Paper Conversion & Hygenic Towels Company Limited	40% equity shares allegedly bought by 2 Nigerians. Amount not indicated.
62. Nigerian Commercial & Industrial Enterprises Limited Ilupeju Industrial Estate Mushin	199,999 of ₦2 each allegedly bought by John C. Emeka for ₦399,998.
63. International Metal Industry 2, Independence Road Kano	40% equity shares bought by 3 Nigerians for ₦199,000. Details not given.
64. Wood & Metal Works Ltd. 114, 1st East Circular Road P. O. Box 41 Benin City	40% equity shares allegedly bought by Mr. S. O. Uwaifo for ₦180,000.

65. Burmum Industrial Ltd. Plot G. Block 6 Industrial Estate Ilupeju	(40%) 28,000 shares of ₦2 each allegedly bought by Oteria Holdings Limited for ₦59,008.
66. Hardware Manufactures (Nigeria) Limited 19 Martins Street Lagos	Two shares of ₦2 each allegedly transferred to the purchaser Mrs. J. A. Cole. Amount not stated.
67. Dolcino & Co. (Nig.) Limited 12, Industry Road P. O. Box 270 Port Hartcourt	80,000 shares (40%) of ₦2 each bought by Mr. M.V.O. Allagoa for ₦160,000
68. Finch & Company (WA) Limited 40, Marina Lagos	100% take over for ₦268, 350 by Mr. J. A. Makun & Sons.
69. United Nigeria Distributive Services (Nig.) Limited 144, Nnanmdi Azikiwe Street Lagos	40% allegedly bought by 3 Nigerians for undisclosed amount.

70. Messrs. Gays 37, Ereko Street Lagos	40% shares allegedly sold to 6 Nigerians. Amount not indicated.
71. Arkay Trading Co. Ltd. 86 Nnamdi Azikime St. Lagos	40% shares alledgedly sold to one S. A. Iredia of Benin City for ₦160,000.
72. Nigeria Truck & Equipment Co. Limited 150, Yakubu Gowon St. Lagos	40% shares allegedly bought by Chief M.C.O. Ibru and Oteri Holdings Limited for ₦90,000.
73. Otto Whoff (Nig.) Ltd. 38 Warehouse Road Apapa	40% shares allegedly bought by one Mr. W. A. Balogun for ₦68,000.
74. Dharandas & Co. (Nig.) Limited Western House, 17th Floor, 8/10 Broad St., and 49 Martin Street Lagos	40% shares allegedly sold to one Alhaji Abdul Karumu Salami for ₦51,200.

75.	Bristow Helicopters (Nigeria) Limited 40, Marina Lagos Main Office: 19 Oba Akran Avenue, Ikeja	40% of the equity allegedly bought by one Mr. Adebanjo O. Solaru for ₦176,000. No evidence that purchaser paid for the shares.
76.	B.B.C. Technical Supplies Limited 35A Balogun Street P. O. Box 3307 Lagos	40% equity allegedly by Mr. E. O. Urhobo for ₦164,000.
77.	Tek's Nigeria Limited 139 Nnamdi Azikiwe Street Lagos	40% allegedly bought by Chief J. O.O. Mosheshe of Warri for ₦160,000.
78.	Prestige Industries Ltd. 38E Ado Bayero Road P. O. Box 209 Kano	Approximately 40% allegedly sold to Alhaji I. Tanko for ₦30,000 and one Mr. Oyedipe for ₦500.
79.	L. & K. Fine Foods Ltd. 21/25 Broad Street Lagos	40% equity allegedly acquired by Chief M.C.O. Ibru and Oteri Holdings Limited for only ₦200.

80. A. B. Chami & Co. Ltd. 12, the Beach Jos	9,990 shares of ₦20 each "sold" by A. B. Chami & Co. Limited to Mr. M. B. Chami, a nationalist Nigerian, for ₦199,800.
81. Taylor Woodrow of Nigeria Limited 30, Marina, P. O. Box 135 Lagos	640,000 shares (40%) allegedly sold to Ogunsanya investments Limited for ₦320,000
82. E. Plazza & Co. Ltd. Trans Amadi Layout Port Harcourt	50,000 shares at ₦2 each allegedly sold to M. K. Ali (Kano) 30,000 and B.J.A. uku (Benin City) 20,000 for a total of ₦160,000.
83. Nigerian Machine Distribution Co. Ltd. 11 Martins Street Lagos	98,515 shares of ₦2 each allegedly sold to 2 Nigerians for ₦195,030
84. Perino Comazzi & Co. Aminu Street Oritamefa Ibadan	40% equity shares of ₦2 each sold to two Nigerians resident in Jos and

	Kaduna respectively for ₦84,000.
85. Western Sudan Exports Limited 17/18, Bello Road Kano	40% equity shares allegedly bought by one Mr. L. T. Etukuwa who got one share of ₦12 each for ₦12 and Mr. Philippa Tahora Gaydon who had 16,999 of ₦12 each for ₦203,988.
86. Elegance Store Limited 94, Broad Street Lagos	30,000 shares (40%) at ₦2 each allegedly sold to Nationalised Nigerians for ₦60,000.
87. Metal Construction (WA) Limited 13, Burma Road Apapa	40% equity shares allegly bought by one T. Okeowo for ₦160,000.
88. Alzico Limited 27A Creek Road	600,000 shares of ₦2 each sold out of 740,000 sold to Nigerians were bought by one person, namely, Mr. Peter Gowon, P. O.

APPENDIX 5

NIGERIAN ENTERPRISES PROMOTION (INDIGENIZATION) DECREE:

QUESTIONAIRE

To the Respondent!

The following questions seek to determine your views on the indigenization decree. Your cooperation in answering them will be very much appreciated. Those who do not want to disclose their identity need not do so.

1. Name of Company (Optional)

2. Date of establishment. 1894

3. Nature of business. BANKING

4. Owners - (Tick one)

a) Nigerian/s ← AND → b) Foreign c) Patnership

5. Type of Business: (Tick one)

a) Public Company ✓ b) Private company

6. Authorized Share Capital: ₦50 MILLION

7. Paid Up Share Capital: ₦40 MILLION

8. Total Assets:

9. Number of Senior Employees:

a) Expatriates: 20 b) Nigerians: 4006

c) Expatriates in Management Positions 20

d) Nigerian in Management Positions NOT SURE

10. What are your views about the Nigerian Enterprises Promotion (Indigenization) Decree?

11.a) Do you think it has achieved its objectives ? Tick one.

a) Yes ✓ b) No c) Partially

b) Reasons for your answer.

12a Would you prefer outright nationalisation of foreign business?

Tick one: a) Yes b) No c) Not Sure

b. Give reasons for your answer

13.a) Name of Respondent (optional) Not Declared

b) Position in the Company:

Appendix 6

THE NIGERIAN ASSOCIATION OF CHAMBERS OF COMMERCE INDUSTRY, MINES AND AGRICULTURE: 7TH ANNUAL CONFERENCE-KANO, 1975

CONCLUSIONS AND COMMUNIQUE

The THEME of the Conference which was declared open by His Excellency, Police Commissioner Audu Bako, the Military Governor of the State was "INDIGENISATION: A Year After." The Papers presented were discussed by eminent scholars, Government functionaries and "Practising" businessmen for the two-day duration of the Conference at the end of which the following conclusions were reached:

1. Indigenisation as a tool of national economic independence is a logical consequence of political independence It is, in the context of most African countries, a social political as well as economic necessity and should not always be regarded as a paternal favour of the Government.

2. Indigenisation should not automatically be regarded as a factor of rapid economic development. It is a factor of steady and lasting development and its advantages cannot be measured in terms of economics alone.

3. Indigenisation is a continuing process and is more than merely the take-over of existing businesses alone. By the Decree certain areas of enterprises have been reserved exclusively to Nigerians for all time and further advancement will be determined by how creditably Nigerians perform in those areas.

4.To ensure success for the programme there must be:

ON THE SIDE OF NIGERIAN BUSINESSMEN

(a) Good management, especially good financial management, including a great premium on the keeping of records.

(b) Adaptability, including in particular, the transfer and adoption of Modern Technology on an efficient and continuing basis.

(c) Continuing education and training of businessmen at all levels of operation and irrespective of age or "Current Achievements"

(d) Elimination of the predilection to the "One-man" operation and the cultivation of the collective and corporate operation which ensures the availability of bigger resources, the division of labour, specialisation and smooth succession

ON THE SIDE OF THE GOVERNMENT

A matching of deeds to declared objectives which: in this context, means a deliberate policy to develop indigenous enterpreneurship by:

(a) The provision of supporting institutional facilities. (including financial) management and technical skill development and an environment devoid of suspicion and hostitility to the rewards of endeavour risk bearing initiative and hard work.

(b) The removal of constraints and bottlenecks to smooth business activities including a more imaginative development of the infrastructure by the provision of excess capacity in certain cases and a more regular maintenance and expansion programme.

(c) While it cannot endorse the present trend of unlimited incursion of the Government into business, Conference appreciates the need for Government participation in certain areas of strategic and sensitive but productive investment. Most of these were spelt out in the Second National Development Plan: Others are dictated by inevitable political and / or geographical circumstances. While yet others justified because adequate private investments and technical knowhow are not yet forthcoming. Conference assures the Governments of the Federation of the full support and co-operation of the Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture in these areas, provided they are selective and the principle of free private enterprise in a mixed economy is recognized as the most desirable profile of the Nigerian economy - for the optimum utilisation of the abundant resources of the country and as the best means of accelerating the living standards of the people.

(d) The Price Control Board is a disastrous failure while the National Supply Company is a waste and an organ for unfair competition to Indigenous businessmen in the distributive trades. The two institutions should be scrapped with immediate effect.

Conference calls upon the Authorities to take [illegible] accelerated action to decongest the Ports (Sea and air) in view of the devastating effects that the current congestion has had on the economy.

Conference also decided that the shares held by the Federal Military Government and the State Governments in various enterprises should be sold to the public and the amount realised by Government in investing into areas of other enterprises which have not been touched either by indigenous businessmen or by foreign investors.

No areas of business shoud be exclusively reserved to the Government. All the areas of productive activity should be open to Nigerians Government should not have an exclusive monopoly in any area.

That businessmen should now be appointed chairmen and Chief Executives of public corporations and public owned companies.

The repeal of Section 13 (1a) of the Banking Decree was recommended.

At the Annual General Meeting which followed the following officers were elected for 1975/76:

President - Chief (Dr) H. Fajemirokun
Vice President - Mr. Olu Akinkugbe
Vice President - Chief N.A. Mene-Afejuku
Vice President - Mr. F.S. Pardoe
Vice President - Alhaji Baba Danbappa
Hon. Treasurer - Chief J. Akin-George
Deputy Hon. Treasurer - Mr. I.A. Ene

(Sgd) Chief (Dr.) Henry Fajemirokun.
President.