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NIGERIA AND THE NORTH—SOUTH DIALOGUE

BY

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DEDICATION

This work is deservedly dedicated to the memory of my maternal grandmother, late Mma Nko Akpan Abaseto, who knew I could only have a place in life through formal education. Though nothing was the language of the family, she strove and laid the foundation for me to develop on. Despite all the seemingly insurmountable odds, I have done just that.

May her beloved soul continue to repose in perfect peace. Amen.

CERTIFICATION

This thesis entitled, "Nigeria and the North-South Dialogue" by USEN SUNDAY SMITH meets the regulations governing the award of the degree of M.Sc. (International Relations) of Ahmadu Bello University and is approved for its contribution to knowledge and literary presentation.

Chairman, Supervisory Committee — Date: 2-7-96

Member, Supervisory Committee — Date: 18/8/95

Head of Department — Date: 12/8/95

Dean, Postgraduate School — Date: 18/12/00

DECLARATION

I, Usen Sunday SMITH, declare that to the best of my knowledge the data contained in this dissertation is from my original research and it has not been submitted to any other University for examination. All references in the work have also been duly acknowledged.

Student's Signature

DEPARTMENT OF POLITICAL SCIENCE
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Supervisor's Signature

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A B S T R A C T

This work is concerned with the relationship of countries in the international system. The study looks at the reasons - surrounding the current call for the reformation of the world order; that has led us to the realization of the inequality in the relationship.

One of the most publicize issues of International politic in recent years has been the claim of the poor nations inhabited by more than half of the world's population, that they are not receiving an "equitable" share of the world's wealth and power. This issue has come to be called the "North - South relations". The work demonstrates that North - South relations constitute the subject of considerable dissensus among the community of policy - makers and the academics. The work further looks at how Nigeria helps in the struggle by the poor nations to see to the reformation of the international system.

In essence, therefore, this work explores the issues involved in the current proposals for a New International Economic Order - as challenges to understanding, goodwill, cooperation, and reconstruction between the more developed and the less developed nations arise. It provides an up-to-date, comprehensive and critical analysis of the keenly debated issues in the international economic relations between the two worlds.

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LIST OF ABBREVIATIONS

A.A.S.M.	-	African and Malagasy Group of Countries
A.C.P.	-	African Caribbean and Pacific Countries
A.S.E.A.N.	-	Association of South East Asian Nations
A.W.A.M.	-	Association of West African Merchants
C.F.A.O.	-	Compagnie Francaise de l'Afrique Occidentale
COMECON (CMEA)	-	Council for Mutual Economic Assistance
E.C.D.C.	-	Economic Cooperation among Developing Countries
ECOWAS	-	Economic Community of West African States
E.D.F	-	European Development Fund
E.E.C.	-	European Economic Community
E.F.T.A.	-	European Free Trade Association
E.U.A.	-	European Unit of Account
F.E.M.	-	Foreign Exchange Market
G.A.T.T.	-	General Agreement on Trade and Tariff
G.D.P.	-	Gross Domestic Product
G.N.P.	-	Gross National Product
I.B.R.D.	-	International Bank for Reconstruction and Development.
I.D.C.	-	Industrial Development Centre
I.M.F.	-	International Monetary Fund
I.P.C.	-	Integrated Programme for Commodity
M.N.C.	-	Multinational Corporation
M.T.N.	-	Multilateral Trade Negotiations
N.C.N.C.	-	National Council of Nigerian Citizens
N.I.C.S.	-	Newly Industrialized Countries

N.I.E.O.	-	New International Economic Order
N.N.A.	-	Nigerian National Alliance
N.N.D.P.	-	Nigerian National Democratic Party
N.P.C.	-	Northern Peoples' Congress
O.A.U.	-	Organization of African Unity
O.D.A.	-	Official Development Assistance
O.E.C.D.	-	Organization for Economic Cooperation and Development
O.P.E.C.	-	Organization of Petroleum Exporting Countries
P.Z.	-	Patterson Zochonis
S.A.P.	-	Structural Adjustment Programme
S.C.O.A.	-	Sociate Commerciale de l'Ouest Afrique
S.F.E.M.	-	Second-tier Foreign Exchange Market
STABEX	-	Export Earnings Stabilization System (E.E.C.)
U.A.C.	-	United African Company
U.D.T.	-	Underdevelopment and Dependency Theory
UNCTAD	-	United Nations Conference on Trade and Development
U.P.G.A.	-	United Progressive Grand Alliance
U.S.A.	-	United States of America.

CHAPTER ONE

1.1 GENERAL INTRODUCTION

> **The people of the world will not allow poverty and wealth to exist side by side indefinitely! They will not accept an international world order which will perpetuate their underdevelopment. They will seek and obtain economic independence, and will overcome underdevelopment. Nothing can prevent it: neither threats, nor corruption, nor force...**
> **- President Salvador Allende of Chile in 1972.**[1]

It is the conflict between the powerful North seeking to preserve the status quo and the growing pressure for change from the South that is the key political dynamic of the North-South international economic relation.[2] Our world is, indeed, divided in two on a material basis, with a permanent unequal division caused by unfair mechanisms securing a superfluity for one half of the globe while the other half cannot aspire to the necessities of life. This is because some areas of the globe, most of them formerly colonized, were at the disposal of the major actors of the world arena who exploited their territories, their riches, and their peoples. This exploiter - exploited phenomenon has created the concepts of the North and the South.

Writers look at the concepts on two perspectives. Some would see it in relation to the international economic and political inequality. Others label it to show the solidarity they acquire in their interactions at the world arena. Like the North, the South is a label given meaning not by the degree to which these countries share economic characteristics but by the decision of those countries to act as a diplomatic unit co-ordinating a large measure of their international activity.[3] Properly used, the label "South" applies to a readily observable

process in today's international politics, and not an analytical categorization of countries based on relative levels of economic development.[4] Aside from that, the term North is used to describe the wealthy industrialized countries of the non-communist world of Western Europe.[5] Some of these countries are the United States, Canada, Japan, New Zealand, and Australia, to mention a few. Average per capita incomes of these countries are high. These countries constitute themselves into an organization known as the Organization for Economic Cooperation and Development (OECD). The term North and OECD, therefore, could safely be said as being synonymous.

On the other hand, the term South is used as a short-hand for the world's less developed or the so-called developing world.[5] These countries are located for the most part on the Indian sub-continent, in sub-saharan Africa, and in the Caribbean region. One finds most of the population of these countries located in places like Burkina Faso, and Chad in Africa; India, Pakistan, Bangladesh and Sri Lanka. The per capita incomes of these countries are extremely low.

When we talk about the concept of the North-South, it is worth looking at the realignment of world politics after the Second World War which did not occur exclusively through ideological issues. Unmistakably, the post-war collapse of relations between the Soviet World and the West, though viewed by different parties as having been caused by different factors, led to an East-West confrontation which, for the duration of the cold war, threatened to erupt in nuclear war.[7] But, at the same time the emancipation of the formerly colonized peoples of Africa, Asia, the Middle East, South and Central America, the Caribbean and the South Pacific began to foretell a second major conflict of contemporary

international relations: the North-South confrontation.[8] In contrast to the ideological and military foundations of the East-West crisis. the North-South confrontation evolved principally over economic issues, and secondarily over political and human rights issues.[9]

Simply, the North-South crisis is a result of the wealthy industrialised countries of the northern hemisphere facing the impoverished underindustrialized peoples of the Southern hemisphere. The crisis developed during the cold war years. By this time, the newly emancipated countries thought it necessary to avoid embroilment in political controversy between the Western European countries known as the first world and the Eastern European countries known as the second world. These new nations produced a loose coalition of economically deprived states, held together only by their common bond of newness and poverty.[10] This coming together of the poor states which occurred in the 1950s gave the members the name non-aligned states. Otherwise, they are known as the less developed or developing states. Also, they are referred to as the Third World. These countries comprise more than half of the population in the entire globe. For instance, China notably. has more than one billion people, Indonesia has 159 million people, with India having 749 million.[11] Their population increases at a rate considerably above those of industrialized states; but their industrial production, if put together is less than one third of that of the United States and might as well be said it could only be half that of the Western Europe. Per capita incomes throughout the Third World. with the exception of very few oil-rich countries, are a small fraction of those of the United States and Europe and are rising at slower rates.[12]

The relationship existing between the North and the South has been very

discordant. A situation whereby the Northerners "command" all the economic and political powers creates dissatisfaction on the part of the Southern countries. This is why the South has constantly been struggling to bring forth a change and the North resisting all the moves towards that direction. In the aggregate North-South context, the North's demonstrated capacity to stall endlessly in North-South negotiations suggests a continuing power to control outcomes. This attitude of the North has been the main cause of the tensions and frustrations plaguing the North-South relationship. The Southern states have series of problems which they wish could be solved. These problems range from the wish for a change in the present international economic and political relationship to reformation of international institutions, etc. The inequitable sharing of economic resources and political powers is unfavourable to the Southern States. It is the Northerners who enjoy the favourable aspects of the relationship. When this is pointed out to the rich nations, they dismiss it casually as empty rhetorics of poor nations. From the Northern perspective, present international institutional structures and processes are generally argued to be as equitable as the realities of international politics allow.[13] The rich nations argue that the international market mechanisms works, even though not so perfectly, and that the poor nations are always out to wring concessions from the rich nations in the name of past exploitations. They believe that the poor nations are demanding a massive redistribution of income and wealth which they think might never come to fruition. To them, as their general attitude portrays, the poor nations must earn their economic development, much the same way as the rich nations had to over centuries through patience, hardwork, and gradual capital formation. According to them, this process has no short cuts and no rhetorical substitutes.

Thus, the policy of the North has been to maintain the system of dependence, whereas the policy of the South is to change it. This urge for change could be seen in the 1973 Arab Oil embargo and quadrupling of oil prices by Organization of Petroleum Exporting Countries (OPEC). With the resulting control of world oil prices by OPEC Third World was able to force its economic agenda upon the United Nations, in the specific form of the Sixth Special Session of the General Assembly, which formally launched the New International Economic Order (NIEO).[14] After this episode followed attempts by the industrialized countries to frustrate the initiatives. But at the 1979 meeting of the United Nations Conference On Trade and Development (UNCTAD) which was held in Manila, the less developed countries specifically requested action to re-structure their international debts, to stabilize fluctuating world prices in a number of commodities which they export and to reduce tariff barriers among the industrial states; this in any case resulted in little progress.[15] Despite this, the structural capacity to deal with North-South issues had changed though at a slow pace.

Nevertheless, the Third World's evolution as a political force was recognized, though the reaction of the industrialized states to this development was one of resistance. The United States and many of its major Western trading partners initially refused to participate in the preparations for the Sixth Special Sessions and upon its conclusion, declared their intent not to participate in some of the outcomes.[16] This behaviour brought gloom all through the Sixth Special Session and the Paris planning sessions for the 7th Special Session. To the bewilderment of many, a big relief was brought by a sharp reversal on the part of the United States. In an address prior to the Seventh Special Session, Secretary of State Henry Kissinger announced that the United States was

"prepared to engage in a constructive dialogue and to work cooperatively" on issues pertaining to the New International Economic Order.[17] This new tone dominated opening statements at the Seventh Special Sessions, and the industrialized nations announced their intentions to "turn away from confrontation" and approach the New International Economic Order with conciliation and in a mood of responsiveness to the initiatives of the Third World.[18] The North-South dialogue had commenced.

The ordering of this work in essence, is to present a framework for viewing North-South economic relations which it is hoped, will facilitate positive analysis and will contribute toward normative prescriptions regarding the desirable trend of North-South economic relations in the future as opposed to today's which is pregnant with tensions, frustrations, and contradictions.

1.2 STATEMENT OF PROBLEM

The essential motivation for undertaking this work is to study the economic implications of the unequal relationship existing between the North and the South. The problem arises from the control of economic and political powers by the North at the International level and the demand by the South for a change for a New International Economic Order (NIEO) which would usher in equitable distribution of economic benefits for both parties. However, while economic issues remain a central ingredient, they are only one of several fundamental elements in the North-South conflict.[19]

The two most shared perspectives of the South are that present international structures e.g. General Agreement On Trade and Tariffs (GATT) and the International Monetary Fund (IMF) and the political and economic processes governed by them are deeply biased against developing countries in their global distribution of income and influence. Also, that major trends in international political and economic relationships are steadily increasing the relative strength of Southern countries, enhancing their bargaining power in international relation.[20] The shared goal, basically "revisionist", is an increased capacity on the part of Southern states to achieve higher levels of political influence and economic welfare in international relations.[21]

From the point of view of developing countries, all efforts to restructure the international economic order based on the principles of justice, equity, sovereign equality have been disappointing.[22] The most prominent Southern goal is structural reforms. They present a blend of political economic, and institutional objectives.[23] Some reforms could change the operation of the international economic system; as in proposals for an Integrated Programme for Commodities (IPC) to raise and stabilize commodity prices; for Northern commitments to lower barriers to Southern exports, for international monetary reforms which would automatically provide Southern countries with expanding international financial reserves, for a new international set of rules on debt rescheduling, and for a code of conduct on the transfer of technology which would lower the cost of the South of acquiring Northern technology.[24]

The second and perhaps more important element in Southern demand for structural reforms is institutional. The Southern goal is to increase its influence

in the shaping of international economic and political evolution by broadening the jurisdiction of those international organizations in which the South has a strong voice, and creating new international organizations which will increase the South's influence in specific arenas of international activity.[25] Leading examples include recent Southern efforts to expand the jurisdiction of United Nations institutions which operate on a one country - one vote principle e.g the U.N. General Assembly and the U.N. General Assembly's new committee of the whole and to establish new institutions such as a Deep Seabed Authority to manage deep seabed mining. Also, a common fund to help finance the Integrated Programme for Commodities.[26]

Though these demands are made by the Southern countries, the Northern countries have all along been unwilling to give in to most of them, armed with the argument that there is nothing wrong with the international economic structures. This situation has been very dissatisfying and disappointing to the Southern countries who had hoped that with these demands met, their economic development would be guaranteed. Subsequently, it would help them climb out of the situation of dependency, economic quagmire, social chaos, etc. In view of the disappointing situation to the Southern countries of which Nigeria is one, the questions to ask are:

(a) Do North-South relations actually affect economic development processes with consequent dependency in Nigeria?

(b) Is this relationship the main cause of under-development in Nigeria?

(c) What has been the cause of this inequality in the relationship?

(d) How can Nigeria break out of these problems?

1.3 SIGNIFICANCE OF THE STUDY

The main objective of this study is to examine and bring to focus the effects of the North-South unequal economic relationship on the Southern countries. The study will enable us to emerge with findings as to why the Southern countries are perpetually poor and lagging behind in economic advancement.

Many works abound in this field of study. Due to the need for more research works, we intend to delve more into the studies in this area, taking Nigeria as a case study. This makes the work significant because it will go to add more knowledge to the already existing ones. It is hoped that findings that will come out as a result of this research will stimulate further research into the field by any interested individual or group.

1.4 METHODOLOGY

To give meaning to this work, a thorough review of relevant literatures is necessary. This review will therefore enable us to formulate a reasonable framework for the analysis of the topic in question. We intend to use the historical - descriptive method. It is believed that the adoption of this approach shall help us to trace the genesis of the peripherization of the affected Southern States, have an insight into how the relationship turned out to be unequal, favouring the North, and leaving the Southern countries to languish.

The major sources of information shall include primary and secondary? The primary sources shall be mainly interviews with government officials in the Ministry of External Affairs, and experts in International Affairs.

The secondary sources include textbooks, published and unpublished works like dailies, magazines, journals, conference/seminar papers, and theses. Documents like press releases, communiques, bulletins, and speeches by world leaders shall be studied and analysed.

1.5 LITERATURE REVIEW

Related works abound on this area of study. These works offer theoretical explanations in relation to the relationship between the North and the South. When considering the North-South issue at the theoretical level, names like Helleiner, Rosen, Spero, Haq and Hanson, to mention a few, readily come to mind.

Helleiner (1980) assesses the major issues at present outstanding between rich nations and poor, and offers policy suggestions which could reduce the degree of international economic disorder. The author combines theoretical analysis of global market imperfections with pragmatic approaches to protectionism, debt relief, monetary reform, technology transfer, and aid relationships. According to him, the international economy is in a state of disarray. He opines that new trade barriers and erratically fluctuating exchange rates add further uncertainties to a world already plagued with inflation and high level of unemployment. The implication for the developing countries are particularly serious, he says.

In the same vein, Rosen et al (1980) see the widening gap between the wealthy countries and the poor, with resulting social and political antipathies. They wonder why some countries should be impoverished while others enjoy high standards of living. They use experimental method of presentation to give the

fullest appreciation of differences - amongst perceptions of international system. Instead of taking a detached, objective, scientific perspective, and looking at each actor's view critically, the authors try to put themselves in place of individual nations to look at the world from that nation's point of view. This exercise is in the assessment of the role played or written by each of these countries at international level. They imagine what the Soviet citizens think of the world, and then look at the world from the point of view of the Americans and whoever allies with them. The Chinese communist point of view of the world is also considered before synthesizing the Third World perspective. Their emphasis on perceptual analysis is based on the belief that differences in national goals and perceptions are the origin of the two overarching conflicts of our time - the dispute between the East and the West - this in any case is giving way - and the conflict between North and South.

Spero (1977) looks at how the newly independent countries from the South have entered the world arena with new economic problems and new economic demands. As she says, "the major political concerns of these countries are economic: development, aid, trade, foreign investment, and ultimate independence."[11] She points out that the demand of these countries from the South is no less than a restructuring of international relations between the rich nations and the poor ones. For her, economic issues are re-emerging as the focus of international relations as security issues recede. She adds that the North-South relations have no well developed system with success for all. The South, as she opines, has regularly been excluded from the formal and informal processes of system management. Hers is that the North-South relations are controlled by the North as a subsidiary of the Western system.

Related also to this field is the work of Ghadija Haq et al (1980). Like others interested in this field they are not satisfied with the way the rich countries and the poor are related. Writing specifically on the North-South Dialogue, they make a serious attempt to answer the question of why the expectations of the Southern countries should be betrayed and what has led to the present deepening gloom, and also, what can be done to turn the present crisis into future hope. They try to persuade the leading intellectuals and experts in the field to address the central issues which are varied, but mostly economic in the North-South debate - objectively and candidly. In their view, the new international economic order is needed for the benefit of all nations and citizens, but not only a demand of the Third World. As they put it, "all the assumptions of the old order are breaking down - whether in energy, or monetary system, or technology transfers."[28] In their own opinion, the development theory and concepts are in disarray and that the world is perilously near to anarchy with disintegration of international rules and conventional thinking. They proffer an anodyne for this; that, "unless new rules are formulated and accepted, and unless fresh thought is given to imaginative responses, the outlook is gloomy."[29] They point out that the new rules must recognize one fundamental change in international relations: that is, the global interdependence has increased by now to a point where nations must begin to share economic and political power and benefits. They caution that any undue accumulation of this power and benefits will lead to frequent challenges to the international system and to its periodic breakdown.

Their ideas have enhanced the understanding of those issues which divide not only North and South, but even the South itself and as well offer some new

ideas to improve the chances of an orderly dialogue for a New International Economic Order which is the ultimate desires of the Southern countries.

Ian Clark (1980) concerns himself with the nature of international order in terms of both ideas and practices and is especially interested in the possibilities and problems for reform of that order. He establishes two intellectual traditions reflected in the writings of Kant and Rosseau respectively which constitute the core of the arguments for reform of the international order. Kant sees that "the basic cause of international strife is individual human nature."[30] He speaks, too, about, "the depravity of human nature which is exhibited without disguise in the unrestrained relations of the nations to each other."[31] A good analysis of these statements can give us to understand the main cause of the friction in the relations between the North and the South.

Edwin Reubens (1981) comments that the developing countries in seeking to improve North-South relations have unfortunately chosen a set of ill-designed measures to translate what he calls "worthy objective" into reality. In line with others, Reubens says that the measures undertaken by the Third World, such as generalized debt relief and commodity scheme in so far as they are concerned with more than price stabilization, are regarded by many professional economists as inefficient and inadequate ways of achieving the objective of significant transfers of income, wealth, power, and a radical restructuring of the international system. He goes on to say that the conflict over the demands by the developing countries for sovereignty over the use of resources and by the developed countries for careful targeting and internal reforms adds a serious obstacle to reaching an agreement. He adds, "it is at least equally unfortunate

that the developed countries have not responded more constructively and imaginatively to the pleas of the developing countries."[32] Reubens deals specifically with the recent proposals in the United Nations and elsewhere for reconstructing the existing economic relations between less developed and more developed countries. The writer undertakes to clarify the NIEO proposals, asking specifically to what extent they are really new, fully international, realistically economic and are the constituents of workable order.

A study of the Overseas Development Institute tagged "Europe 1992: and the Developing World." (South Magazine, 1991) warned Southern countries of inertia. Sheila Page said in the magazine that the Southern countries must have closer representation in bodies where decisions on European community single market are made. The study maintains that an increase in exports of primary products and manufactured goods from developing countries will be offset by losses from trade diversion and trade creation, with the European community becoming more competitive and self-sufficient in goods now imported. It therefore means Southern countries will be in despair if something like this happens. That is why Michael Davenport in the same study stressed that a number of measures to unifying the European Community market have already been implemented, which meant that those waiting on a "new Jerusalem." as he put it, "to suddenly appear on 1st January, 1993, would be taken by surprise and placed at a serious disadvantage." Davenport's opinion is that the least efficient producers of primary products in the developing world simply will not survive. The statement underpins other people's thinking that the situation the Southern countries have found themselves is very catastrophic.

Asobie (NJIA 1991) looks at how Nigeria has been working hard to see to the establishment of the New International Economic Order (NIEO). He says that this is directed towards altering the old international division of labour between the industrialized and the non-industrialized countries. According to him, as early as 1964, the Nigerian delegation at the second committee of the UN General Assembly which was led by the late Aminu Kano presented a resolution, calling for a New International Division of Labour involving new patterns of production and trade. The writer specifically cites UNCTAD III meeting which was held in Santiago, Chile, in 1972; as an example where the proposal for the inauguration of a "Charter of Economic Rights and Duties of states" was made. He cites further the summit of the Non-Aligned Movement held in Algiers in 1973, where the members of the movement asked for a restructuring of world production on the basis of a new international division of labour. That they asked, too, for a change in the prevailing unequal and exploitative terms of trade between the industrialized and the non-industrialized countries and a radical reorganization of the existing international monetary institutions and arrangements.

Other demands, as he enumerates, among other things were, the ending of economic penetration, domination and exploitation of the non-industrialized countries by the multinational corporations based in, and operating from, the industrialized nations. These have kept the Southern countries down economically and otherwise, he concludes.

After undertaking the review of the ideas of many writers on this field, we have discovered that a lot more contributions need be made by way of researches. This has been the more reason we have specifically chosen Nigeria

as a case study so that this could help us stand out from the crowd of other writers who have not treated this topic on the basis of studying a particular Southern country. Furthermore, the review of these ideas gives us to know that almost all the writers have one opinion in relation to North-South relations - that of asking the developed countries to acquiesce to the restructuring of the international political and economic institutions so as to benefit the Southern countries. Given this general concern, we wish to move away from this crowd and recommend that the Southern countries play the Robinson Crusoe, who, after being shipwrecked and cast to a foreign land with a primeval set-up used the minimum available material to build a new world of his without having recourse to the outside world. We feel if the Southern countries continue to anchor the meaning of their existence totally on interactions with the Northern countries, they will continue to be treated with levity. Let them turn a little inward like the Chinese did, may be through South-South cooperation and see what the outcome might be. However, this work does not call for a total break with the North, rather it is calling for a worthwhile interdependence which benefits both parties.

1.6 HYPOTHESIS

In the research, the following hypotheses shall be used:

(a) Nigeria's present economic and political strangulation is as a result of the North-South unequal relationship with its subsequent dependency.

(b) The present uncertain and desperate struggle in Nigeria for economic, political, social, psychological and technological emancipation is attributable to the workings of the unfavourable

North-South relationship.

(c) Finally, despite the size, resources, population, geographical location, and even her influence worldwide, Nigeria remains at the periphery and takes a second place in the world system because of the relationship between her and the North.

1.7 ORGANIZATION OF CHAPTERS

The work shall be divided into five chapters. Chapter one contains the general introduction. It also contains the statement of problem and highlights on the significance of the study. There is also literature review. Here, a few books which have bearings on our research are extensively reviewed. Others also found in the Chapter are methodology, hypotheses and finally organization of chapters.

In chapter two, we shall have the theoretical framework which features the concept of imperialism. This shall be used in explaining the reasons for the Third World underdevelopment and dependence. Within this chapter, we shall look at the contending theories of modernization and the neo-Marxists dependency arguments. Efforts shall be made to bring out the reality of the situation thorough the use of data as empirical evidence.

Chapter three shall be the story of colonial Nigeria and exploitation. We shall study the post-independent Nigeria economic policies and pattern of trade from 1960 - 1966. The pattern of trade and investment, particularly economic policies of the military shall be looked into here. The economy under Shagari, the economic crisis, the debt burden and Structural Adjustment Programme (SAP)

of Babangida's administration shall come to focus. Nigeria's place in the division of labour, how she qualifies as a representative of the Southern countries and her image in the South-South cooperation shall be treated here.

Chapter four shall look at the sudden awareness of southern countries of their standing in the world system. Their efforts to see that the system is changed.

The last chapter shall be the summary of the entire work, suggestions and the drawing of conclusion.

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CHAPTER TWO

2.1 THEORETICAL FRAMEWORK

The phenomenon of imperialism is so important for the Third World economic history. It is now common knowledge that the woes of the Third World stem from the experiences of imperialism. The plunderous activities of the imperial powers have been a cog in the wheels of economic development of the Third World. It is, therefore, necessary to use this theory in explaining the reasons for the Third World underdevelopment and dependency. Many writers have attempted the definition of this phenomenon. However, it is generally agreed that no concrete definition has been accepted yet. Ake, however, sees it as the "economic control and exploitation of foreign lands arising from the necessity for counteracting the impediments to the accumulation of capital engendered by the internal contradictions of the domestic capitalist economy".[1]

Karl Marx uses the term in a technical sense which has to be carefully distinguished from the various meanings attached to it by historians and others. For the latter, it generally means, "principally or exclusively the relationship between the advanced, imperial country and the colonial or the semi-colonial areas falling within its formal or informal empires."[2] The marxist theory does more than this. It uses the term to describe "a special stage of capitalist development",[3] and by extension, it speaks of the epoch of imperialism in which this has become the dominant form and stresses the new, distinguishing features of this stage. Since it deals specifically with the capitalist mode of production, it is not concerned with a more general and comprehensive theory of imperialism in a wider sense.

In Lenin's words, "if it were necessary to give the briefest possible definition of imperialism, we should have to say that imperialism is the monopoly stage of capitalism."[4]

Theoretically, Marxists contend that imperialism is essentially the necessary outcome of capitalism. They illuminate more on imperialism when they give the analysis of the process by which surplus value is converted into capital; this is the process the marxists call accumulation. Surplus value in Marxists idea is value of the product of the worker less what the capitalist pays him. In pursuit of profit, this part of gross product, surplus value has to be converted into a means of creating more wealth. To them, capitalism is inherently expansionary. The capitalist cannot survive and remain competitive without progressive accumulation or the continuous reproduction of his capital on a continuously expanding scale. This in itself suggests a relationship between capitalism and imperialism.

Marxism traces the dynamic of social activity and historical development to its roots in the production of the means of existence. It is on the material base, itself continually changing as men establish greater powers of control over their environment, that the superstructure, of culture, institutions, laws and political systems arise. The theory maintains that while these superstructural forces may and do assume an autonomy of their own and react upon the material base, they are, in the last analysis referable to it. The materialist conception of history is not the crude kind of economic interpretation which it is sometimes assumed to be by ill-informed or dishonest critics. The theory seeks the source of historical change not in motives, not in ideologies, but in the material basis of society in

question.

Angels was of the opinion that, "the study of imperialism thus begins with the forces which set in motion great masses, whole people and again whole classes of people in each people".[5] This means that the study of imperialism in relation to economic structures, reveals that within these structures were forces which have potentials of raising the masses from the state of inertia to that of dynamism as a result of inherent friction within the class structures. For Marxism, imperialism is not a political, ideological or sociological phenomenon as most other theorists like Schumpeter, and others would want us to believe. Marxism expresses economic imperative as the necessities of advanced capitalism. In marxists' point of view, therefore, the explanations of such aspects of imperialism as colonial expansion and power struggles between states has to be sought in material conditions than in ideology and politics.

The concept of imperialism was first subjected to scientific study by John A. Hobson, Rudolx Hilferding and Rosa Luxemburg. They all consider it an respect of mature capitalism. Hobson asserts that the dominant motive for imperialism was the Quest for markets as well as opportunities for higher returns on investments. He maintains that a more important cause of imperialism was the tendency for production to outgrow consumption, a tendency towards over saving and overinvestment and underconsumption. Associated with the tendency for investment to outstrip consumption is the distribution of income which gives too much money to employers and too little to employees. According to him, the need for this Quest arises partly because of the development of capitalism in the Western industry which called for greater needs for the importation of raw materials. As a result of the dilemma to deal with oversaving and

underconsumption, the owners of capital persuaded the state to aid them in securing new markets by the establishment of protectorates, colonies, and spheres of influence. This tells how the woes of the Third World countries started.

Lenin took up from here to theorize. His has been considered a very fundamental theory in the understanding of the phenomenon of imperialism. He starts his theory by looking at the carnage of the first World War and said that it was to prove that it was on both sides an imperialist i.e (annexationist, predatory, and plunderous), war for the partition of the world and for the distribution and redistribution of colonies, of spheres of influence, of finance capital, etc. It was an appeal for the support of billions oppressed people i.e for more than half the population of the earth in the subject countries and for the wage slaves of capitalism in civilized lands".[6] He puts forwards that, "capitalism has grown into a world system of colonial oppression and financial strangulation of overwhelming majority of the people of the world by a handful of advanced countries of particularly rich and powerful states which plunder the whole world... and out of their enormous super profits... bribe the labour aristocracy".[7]

The proof consisted of a combination of Hilferding's analysis of finance capital and the analysis of J. H. Hobson. For Hobson a non-Marxist, was claimed by Lenin to have understood what Hilferding and Kautsky neglected, the neglect being on the fact that imperialism was not only internecine, but also parasitical and decadent. Hobson's view was that a perfectly proper nationalist pride in nation had become distorted by the pressures of the monopolists of capital. These men as he sees it, were forced by their search for new markets for the

goods and capital to use their governments in order to secure for their use some distant undeveloped countries by annexation and protection. Admittedly, the growth of the factors of production in the developed world exceeded the growth of consumption, that more goods could be produced than could be sold at a profit and that capital existed than could find remunerative investment. It was this condition of affairs that formed the taproot of imperialism.

Lenin extends his view by suggesting that although the need for foreign trade in goods is typical of the early capitalism of free competition, it is the export of capital that is typical of monopoly capitalism and that requires the division and redivision of the world among the great powers. For the explanation of this need to export capital, Lenin says, "as long as capitalism remains capitalism, surplus capital will never be used for the purpose of raising the standard of living of the masses, for this would mean a decrease in profits for the capitalists, instead, it will be used to increase profits by exporting the capital abroad, to backward countries. In these backward countries, profits are usually high, for capital is scarce, the price of land is relatively low, wages are low, raw materials are cheap. The possibility for exporting capital is created by the entry of a number of backward countries into international capitalist intercourse, the main railway lines have either been built or are being built there, the elementary conditions of industrial development have been assured, etc. The necessity for exporting capital arises from the fact that in a few countries, capitalism has become "over-ripe" and, owing to the backward stage of Agriculture and the impoverishment of the masses, capital lacks opportunities for profitable investment[8].

Lenin takes Hobson to task for supposing that the consuming capacity of the people could be raised under capitalism. But fundamentally, he appears largely to share his consumptionist view. As he puts it, "it goes without saying that if capitalism could develop agriculture, which today lags far behind industry everywhere, if it could raise the standard of living of the masses which are still poverty stricken and half-starved - everywhere inspite of the amazing advance of technical knowledge, then there could be no talk of surplus of capital"[9]. Leninists are forced to argue that what has been done in a few advanced welfare states has been necessarily at the expense of the masses in the poor parts of the world. Their poverty is in other words essential for capitalist accumulation.

Since Karl Marx and Lenin based their ideas on capitalist exploitation, we are using these ideas to drive home our point that the Third World countries suffer as a result of capitalism which is the twin sister of imperialism. In any case, Lenin supports the fact that imperialism grows out of logic of the capitalist system. He moves a little further than Marx in putting forward that imperialism symbolizes a particular stage in the development of capitalism. That it reflects a transitional stage of capitalism to a higher economic order, a transitional stage characterized by the displacement of capitalists free competition by capitalist monopoly. No wonder he says, "imperialism is capital in that stage of development in which the dominance of monopolies and finance capital has established itself; in which the export of capital has acquired pronounced importance in which the division of all territories of the globe among the biggest capitalist powers has been completed".[10] Most other writers have looked at this phenomenon - imperialism in different ways. A case could be that of Schumpeter who looks at it sociologically. But, since our concern in this work is economic

exploitation we are obliged to consider the ideas of karl Marx and Lenin - particularly that of Lenin and wave others - which do not actually serve our purpose here.

Karl Marx's and Lenin's theories, if carefully applied for the analysis of the situation in the Third World explain clearly that Third World underdevelopment is the result of economic imperialism and the consequent - dependency. Development and underdevelopment are both comparable terms. Therefore, in the interaction between Europe and the Third World, the former was the master while the latter was the slave and the result was the transfer of wealth from the Third World to Europe. This relationship has resulted in a great imbalance or disequilibrium which has remained the fundamental problem in the Third World underdevelopment. The next chapters will serve as accounts of the crimes wrought on the Third World by imperialism.

2.2 THE NORTH (CENTRE) AND SOUTH (PERIPHERY) RELATIONSHIP

While analysing the relations between the Third World and the industrialized economies, one is prompted to recall the analytical category that had been coined in examining such relationships, that is, the "Centre-Periphery." This concept, according to the creator was derived from the pre-occupation with economic cycles during the immediate post-war periods.[13] From that point, the distinction between centre and periphery was principally inspired by the unequal role played by the two segments of the world economy in the system's periodic fluctuations. The first playing an active role, the second, a passive or reflesive role. The approach also stemmed from the differences in the functions assigned to primary exporters and industrial exporters by the international division of

labour, whose end results was an unequal distribution of technical progress.[14] The main hypotheses about the relationships and terms of trade between the periphery and the centre were established on this basis. They deal with the implications of the substitution of the United States for the United Kingdom as the system's principal centre.

These implications may be outlined thus:

(a) Third World capacity to import from the centre declined continuously in the first post-war period owing to a decrease in exports and more particularly, to worsening the terms of trade.

(b) The centre's imports depend basically on the rate of its domestic economic development, not on its terms of trade with the periphery.

(c) If because of a decrease in national income or any other restriction, imports into the United States and Great Britain are reduced, the consequent relative fall of import prices does not seem to cause imports to rise again. Rather, this fall of prices is simply a means of enabling the Centres to acquire their imports with a smaller proportion of their income.

(d) The relatively high independence of the new United States centre from external activities has serious implications for the operation of the world economy in general, and particularly for the Centre-Periphery relationship. Since domestic investment constitutes the dynamic factor determining the course of United State's economic activity, the responsiveness of its economy to external stimuli, in order to increase exports, as well as its capacity to send them back to the other countries, through greater United States' imports, seems to be much smaller than those of the previous British Centre.

(e) The lower external openness of the United States' economy led to certain changes in the working of the gold standard in the world monetary system. Immediately after World War II, in 1949, the United States held about half of the world's gold and foreign exchange reserves, and almost three fourths of the gold.[15] accumulation in the United States, the world monetary system appeared threatened because of an increasing shortage of dollars.

It is evident from the foregoing summary that the Centre-Periphery arose from the standpoint of commercial transactions, that is, from specialization-primary and manufactured goods - either imposed by or deriving from the unequal spread of economic and technical progress.

It seems to be true, however, that the concepts of "Centre" and "Periphery" are subject to some ambiguity, especially if we do not confine ourselves to working with only one dominant pole, and if we separate these concepts from their original link with cyclical movements. They are not to be identified with the concept of "developed" or "developing" countries. All central nations are obviously developed. This is because of their income levels and economic structure, but not every developed country is a central one.[16] This is why in today's world, we must also consider groupings of countries, like the European Economic Community and not only the great national units.

Tentatively, we may say that a central economy, in addition to its income level and development structure, and basically endogenous nature of dynamism of its growth is further defined by the essential fact that it is capable of having a perceptible influence upon the course of events in peripheral economies, but not vice versa, except for some very special cases and structures and/or in a

marginal or incidental way.

Several points pertinent to this matter are worth mentioning. First, the centre's evident capacity to influence the periphery and/or its various parts may or may not be exercised in different degrees by the central units, but it is they who decide whether to do so, as well as when and the means of so doing. Secondly, in general, central area members undoubtedly influence each other, that is, they are also "dependent" to a greater or smaller extent according to their economic capacity and on the internal ties or integration they have within the centre. In contrast to some period of the past, the centre is now not identified with one single country, but comprises several units - nations or associated countries. Under these circumstances we may speak of the "central area" of the "principal centre", and of "sub-centre." Nevertheless, for the sake of simplicity, we shall indiscriminately refer to the centre as a dominant group, the principal centre, and the rest of the "centres" although these should really be referred to as sub-centres.

We must observe that this global phenomenon is distinguished by the fact that economic progress, always in relative terms has been concentrated in one part of the system, the centre, thus leading to an increasing gap between the centre and the periphery.[11] Such a polarisation is present in three main dimensions in the relative capacity of the respective pole either domestically or externally, and particularly in "per capita" terms, in the zonal and sectoral flows of trade, in the distribution of foreign investment and in the accumulation of international reserves.

Let us look at the terms of trade between the developed countries - the North and the developing countries - the South to demonstrate the centre - periphery relationship. It is seen that foreign domination served to channel less Developed Countries' economic activity into a high degree of forced specialization. In general, one main export item accounts for a much higher portion of foreign sales by poor nations than by rich nations - say 46% compared to 17%. Thus, it is fair to say that the typical less developed nation - South, is a one or two product exporter, while the typical developed nation - North has a diversified economy.[18] For example Venezuela exports 90% oil, Colombia depends on coffee, Cuba has not escaped sugar dependence, two thirds of Chilean exports are copper.[19] These highly specialized economies are dangerously subject to the vicissitudes of the world market. The export commodities in which the southern countries specialize tend strongly to be "primary products" - minerals, fuels, and crops taken more or less directly from the earth with minimal processing. Approximately 80% of the exports of poor countries in 1973 were primary products, compared to about 20% of rich countries. Conversely, 80% of the exports of the rich countries were manufactures, compared to only 20% for the poor countries.[20] The poor sell to the rich raw materials and buy from them finished goods. In many cases, local impulses to produce industrial goods for home consumption were quelled by the dominant foreigners, as the dependency was needed as a secure market for exactly these products from the centre.

This commodity composition of trade adversely affects the developing countries. One reason is the tendency of the primary product export prices to fluctuate substantially and sometimes extremely in world markets, while prices of industrial product import tend to rise relatively consistently over time. For instance, one hundred pounds of Burmese rice fetch 1968, but only $3

in 1971. This means that to pay for a $5000 imported International Harvester tractor, Burma had to sell thirty - six tons of rice in 1968. In 1971, the same tractor cost at least the equivalent of eighty-three tons of rice and probably more because of inflation in the price of the industrial product.[21] In a boom year, the price fluctuation may be quite favourable. In 1974, at $17 per hundred weight, Burma had to export only fifteen tons to earn $5000.[22] But when a large portion of the labour force and economic activity of a small country is tied to the export of a single product, the wild "boom and bust" cycles are socially hazardous and detrimental to orderly economic development.

Moreover, the price fluctuations of primary commodities do not necessarily average out over time to a general rate of increase comparable to the incessant inflation of industrial goods. Indeed, Third World economists such as Raul Prebisch and leading Marxists such as Arghiri Emmanuel have argued that there is an inherent inequality in international trade and as a result the prices of primary products tend to "decay" over time relative to industrial goods.[23] That is, the prices of primary commodities have not risen as rapidly as finished industrial goods, and in some cases they have declined absolutely. The United Nations Conference on Trade and Development (UNCTAD) estimated the magnitude of terms-of-trade losses to less developed countries at $13 billion for a six year period from 1961 through 1966. This drain, significantly, results not from explicit imperialism and exploitation, but rather from the quiet operation of market laws seemingly beyond anyone's control, that is, the so-called objective world market prices. Billions of dollars are implicitly taken from the poor and given to the rich through the impersonal mechanism of freely negotiated international trade pricing.[24]

2.3 CAUSES OF THIRD WORLD PERIPHERIZATION, UNDERDEVELOPMENT AND DEPENDENCY

The Centre-Periphery relationship puts the Third World countries into the positions of dependence and underdevelopment. Dependence as a particular explanation of underdevelopment is a relatively recent phenomenon. Its emergence as a distinct school can be traced to the writings of the dependencia economists from or working on Latin America whose works began to appear in English around the mid-1960s.[25] This school began to have an impact on thinking on development elsewhere by the 1970s and by now its terminology has become a part of the standard tools of development economists, mainly, but not exclusively of left-wing persuasion.

As is only to be expected when a word in common use is given a special connotation and ascribed uncommon characteristics, some confusion has arisen over what dependence means. In conventional economic parlance, a country may be ascribed as being dependent on foreign trade or foreign technology or a process of great complexity may be said to involve greater interdependence between different workers or the world may be said to become more interdependent because of increasing international trade and investment.[26] In such usage, there is no hint of anything undesirable; on the contrary, most conventional economists would regard more interdependence as a good thing. Nor is there any implication of a process of causation, therefore, dependence is defined with reference to some particular objective economic fact, and says nothing in a descriptive or causal sense about the condition of the economy as a whole. In the use of the dependencia school, on the other hand, dependence meant to describe certain characteristics, economic as well as social and political of the economy as a whole and is intended to trace certain processes which are

causally linked to its underdevelopment and which are expected to adversely affect its development in future.

The term dependence as is used in this work refers to the experience of the less developed countries. However, Ake has it that:

> An economy is dependent to the extent that its position and relations to other economies in the international system and the articulation of its internal structure make it incapable of autocentric development.[1]

It should be noted that all the colonial economies of Africa were heavily dependent by the criteria of this definition. While the concept of dependence is sometimes applied to the entire history of imperialism and the whole complex of relationships between the Centre and Periphery, it is essentially directed at the post-colonial era when direct forms of colonial subjugation had ended and new forms of imperialism, by various means had ensured dependence rather than open domination had supervened.[2]

Certain features are often ascribed to dependent economies. These may be summarized thus:

(a) Income distribution in most less developed countries is highly skewed and in many, but not all, instances is getting worse.

(b) The consumption patterns of the elite in the periphery i.e the developing countries are strongly influenced by tastes created in the Centre, the highly developed countries.

(c) The technology utilized in the process of industrialization is taken in a

more or less unadapted form from the centre, either by means of direct investment by Multinational Corporations (MNCs) or by means of licensing of local enterprises. This technology serves to perpetuate the inequitable distribution of income and to fulfil the consumption demands of the elites.

(d) There is usually a strong foreign economic presence in the shape of multinational corporations, foreign aid, foreign loans, and trade with the centre. The growth of industrialization, whether import-substituting, or export-promoting does not usually reduce the reliance on foreign financing and technology, but tends to increase it, also, there is no indigenous technological advance of economic significance.

(e) Foreign influence is not confined to economic spheres, but extends to cultural, educational, legal and political spheres. No direct domination is necessary, it is sufficient to assume that the peripheries inherit and propagate systems used in the centre, and that their ruling elites or the hegemonic class, if this is different from the ruling class, or even a weaker class, like the industrialists which is an alliance with the ruling class, say the landowners but has different economic interests from it perceive an identity of interests at some level with the economic interests of the rich capitalist countries.[19] This ensures that there is what is termed "symbiotic" relationship between the dominant class in the centre and the elites, or some part of the elites, in the peripheries. This relationship in a way can be made extremely complex and subject to tension and change. It is, however, essential to admit the existence of some internal forces which make for an increasingly capitalist mode of production and for a long-term integration with the world capitalist system.

However, it has been controversial accepting what the causes of the woes of the Third World peripherization, underdevelopment and dependency are. This has given birth to two groups of theorists. The first group is the modernisation or conventional theorists featuring names like David McClelland, Berth Hoselitz, Everett Hagan, Walt W. Rowstow, etc. On the other hand, we have the radical or neo-Marxist theorists who are otherwise known as Underdevelopment and Dependency Theorists (UDT). These are names like Paul Baran, Andre Gunder Frank, Pierre Jalee, Furtado Sunkel, dos Santoss, Samir Amin, Ake and Cardoso to cite a few.

2.4 THE MODERNIZATION THEORY

The modernization theorists of Western Europe and North America blame the causes of Third World woes on internal inefficiency of the Southern countries and posit that the cure is outside help from the developed states. The help, according to them, could be in the form of aid, loan, investment, etc. However, the two schools disagree on basic assumptions regarding the global inequality.

The modernization theorists have it that the rich are ahead of the poor because of uneven advancements of intellectual capacity, dedicated effort and managerial skills. In the modernization theorists' view, when the poor make up [illegible] in production skill with the help of foreign aid, and so on, the economic gap will close. This view posits an essential similarity between the development problems of the less developed countries today and the problems successfully mastered by the now rich states in earlier periods. It says in effect, "just as the United States and Europe developed yesterday, and Japan and Mexico are developing today, so will you the late starters, develop tomorrow."[30]

A theorist like McClelland denies in his theory that five centuries of Western domination of Africa, for example, is a crucial factor in African underdevelopment. Thus, the enslavement of Africans, their colonization and the concomitant upheavals, the ability of the developed countries to destabilize, manipulate, pressurize, threaten, and even finance coups and wars against the underdeveloped countries are irrelevant to their underdevelopment. Their underdevelopment according to McClelland, is caused by lack of proper amount of "achievement motivation". This theory further implies that African continent has always been underdeveloped since it has never been fortunate to have individuals with need for achievement as he put it. Other colleagues of McClelland think the same way, though their approaches vary.

2.5 DEPENDENCY ARGUMENT

In counter response to the modernization theorists, the neo-Marxist theorists are of the opinion that the contemporary underdevelopment of the Third World is in large part the historical product of past and continuing economic and other relations between the satellite under-developed and the now developed metropolitan countries. This relationship has been unequal. This has made Rodney to emphasize that bringing Africa into the world economy may have had a few advantages, but that it did create the conditions for the present economic problems encountered by Africa. To him, integrating Africa into the international economic system at the time was the beginning of the increasing disequilibrium between the poor and the rich economies. This was so, according to him, because Africa was forced into the international market system at a competitive disadvantage. He says, since Africa did not, nor does it now, possess the kind of advanced technology known in the West and North America, it was virtually

impossible for Africans to compete with Europeans and the result was a one-way trade. That. not only was the trade a one-way affair, but that the Europeans had made African societies their "do facto" colonies.

Creating colonies and subjugating the aborigines, the Europeans plundered the colonies and left them underdeveloped and dependent. This is why Jalee has noted that the fundamental problem of the underdeveloped world is one of primitive accumulation, to which the profits of foreign enterprises make a very small contribution, since the bulk of the profit extracted goes abroad, there to be transformed into capital which will strengthen imperialism, thereby making the relative position of the Third World in general even worse.[31] In parallel to what others have said, Nabudere, using Aghiri Emmanuel's words considers the trade relations between the two worlds and says that, by the Third World transferring through non-equivalent exports, a large part of its surplus to the rich countries. it deprives itself of the means of accumulation and growth. That the narrowness and stagnancy of the market discourage capital, which flees from it, so that, despite the low organic composition and the low wages, a substantial proportion of labour force is unable to find employment.[32]

Given the foregoing, one could in effect argue that the problems of the Third World countries cannot be as a result of what the modernization theorists have posited. The argument of the neo-Marxists in essence is that the cause of the Third World problems is internal exploitation by the developed states. That the cure could only be comeby if there is a fundamental change in the international relationship between the poor and the rich. These theorists have it that the foreign investment, trade, aid and loan which the conventional

theorists claim could cure the problems of the South are the root of the underdevelopment suffered by the Third World. They believe that these outside helps are the extractive mechanisms that systematically siphon away the wealth of the poor countries. They argue further that the Western people achieved their advantage, not by laws of the market, but by a particular sequence of world conquest and land occupation.[33] In their view, only cutting the international relationship will end the unjust division of the world's wealth.

2.6 REALITIES ON THE GROUND

We must not lose sight of the fact that the economies of the big capitalist states started as largely autonomous markets under domestic control, though international trade and investment were conducted within careful limits. The economies of the Third World, however, enter the modern development epoch as merely sub-systems of global capitalism, having long ago been penetrated by foreign interests - and been made economic satellites of the dominant states of the North. This is obvious in something like trade which the South have one product to export and the North diutates the price they pay. Jalee says that, almost 90% of the exports of the Third World countries to the imperialist nations is made up of primary products and, for many of these countries, the great part of such exports, or almost the whole of them, is made up of a very limited range of products... But they also often find their exports subject to the conditions prevailing in the markets for an extremely limited number of products.[34] The data to be provided below would confirm the dependence of the south on the North-trade-wise.

The global system consists of a "centre" with countries of Europe, America

and Japan. the periphery with dependent economies of Latin America, Africa, and Asia. The basic economic institutions of the dependencies were formed in response to the insistent demands of the industrial world, rather than in relation to local needs and interests. The typical dependent economy is geared to the export of commodities needed by the industrial centre and the import of the products from the centre. This is known as "foreign-oriented development" in which external rather than domestic influences shape the society, economy, and political structure. However, it is worth noting that massive raw materials need by the industrialized countries has been the cause of the lopsided and unnatural development of dependent on foreign interest by the less developed countries. The data below confirm that the Third World countries are pre-dominantly dependent on the export of raw materials to the developed countries. They also provide comparative data of indices of development and underdevelopment for both groups.

TABLE 2.1

RAW MATERIAL EXPORTS OF SOME THIRD WORLD COUNTRIES AS A PERCENTAGE OF THEIR TOTAL EXPORTS, 1961

COUNTRY	%	PREDOMINATE PRODUCTS
India	53	Tea
Federation of	70	Rubber (over 50%)
Malaysia	97	Rice, Rubber
Thailand	100	Crude Oil
Iraq	86	Phosphates, Citrus, and Vegetables,
Morocco	88(1959)	Ores.
Congo-Leopoldville	97	Ores, Coffee, Cotton, Rubber
Angola	99	Coffee, Diamonds, Sisal
Ghana	87	Cocoa (65%)
Argentina	94	Animal Products, Wool
Brazil	99	Coffee (56%)
Chile	95	Copper (65%) iron ore, Saltpeter
Colombia		Coffee (71%), Crude Oil

Source: Jalee: The Pillage of The Third World, P.37.

TABLE 2.2

PERCENTAGE OF TOTAL EXPORTS OF SOME ADVANCED CAPITALIST COUNTRIES CONSISTING OF FACTORY GOODS 1961

COUNTRY	PERCENT
United States	67
United Kingdom	88
West Germany	61
France	78
Italy	80

Source: Jalee: The Pillage of The Third World P. 38.

It would now be useful to look at the table below. This consists of the indices of the development.

TABLE 2.3

INDICES OF DEVELOPMENT

COUNTRY	PER CAPITA NATIONAL INCOME	PER CAPITA CONSUMPTION 1964		NO. OF INHABITANTS PER DOCTOR 1960-3
	In dollars	Energy in Kgs of Coal or Equivalent	Industrial Steel in Kgs.	
United States	1964:2700	8772	615	690
United Kingdom	1964:1365	5079	438	840
Federal Germany	1964:1415	4230	579	670
France	1964:1370	2933	356	870
Italy	1964: 760	1659	221	610
Sweden	1964:2025	4320	623	960
*Average For Group**	:1605	4500	470	775
Pakistan	1963: 80	86	11	7000
India	1963: 80	161	16	5800
Federation of Malaysia	1963: 235	373	43	10500
Thailand	1963: 95	106	13	7600
Iraq	1963: 210	666	28	4800
Average for Group*	: 140	280	22	7140
United Arab Republic	1961: 130	321	24	2500
Morocco	1964: 170	149	16	9700
Zambia	1964: 195	431	22	8900
Nigeria	1962: 90	38	6	34000
Ghana	1964: 250	120	11	12000
Average for Group*	**: 185**	**310**	**16**	**15430**
Peru	1964: 235	602	24	2200
Argentina	1964: 685	1242	93	670
Brazil	1960: 130	364	43	2700
Chile	1964: 445	1078	74	1800
Colombia	1963: 330	494	31	2000
Average for Group*	**345**	**788**	**53**	**1875**

Figures calculated by the author from data and conversion rates supplied in the United Nations Statistical Year Book.

*These averages are simple averages.

Source: United Nations Statistical Year Book, 1965 (cited from Jalee P.9).

The table below shows a tremendous growth in world economy, but the disappointing fact is that this growth has not been equally distributed, nor has it led to the closing of the gap between economically advanced and underdeveloped countries. Figures show that the average GNP per capita of the developed countries increased at the rate 12.88 times more than that of underdeveloped countries and is at the rate 14.13 times that amount in a decade. Annual growth rate (average) in developed countries during the same period was 3.9% as compared with 3.2% in underdeveloped nations. The figures for the underdeveloped countries are inflated by inclusion of the oil producing countries, which had an exceptional growth during the period. The OPEC countries altogether had an estimated growth rate of 4.7% per year.

TABLE 2.4

GROSS NATIONAL PRODUCT PER CAPITAL (IN 1972 DOLLARS), 1963 - 73

Year	Developed Nations	Underdeveloped Nations	World
1963	2381	185	821
1964	2509	194	857
1965	2619	202	887
1966	2742	207	917
1967	2832	208	934
1968	2967	212	967
1969	3074	223	996
1970	3164	236	1020
1971	3256	244	1043
1972	3378	251	1071
1973	3561	252	1112
Average annual growth	3.9	3.2	2.9

Source: A. Portes, "On The Sociology of National Development Theories and Issues," American Journal LXXXII/1 (July, 1976), P.57.

It is disheartening to note that whatever relationships existing between the advanced and the underdeveloping countries have been unequal. This, as earlier noted stems from no other source than the domination of the Third World countries by the whites in their search for capital which meant development in utter disadvantage of the Third World.

A look at Africa, for example, shows that dependency had been consummated a long time ago. With the help of their Naval fleet, Europeans were able to travel to Africa and with the help of their superior weapons, they were able to subjugate Africans.[35] Through slave trade, Europeans and Americans made huge profits, produced the direly needed raw materials, stimulated their various industries and created the needed capital and all these contributed to their subsequent industrialization. America in particular benefitted by keeping Africans as slaves for at least two centuries during which period they laboured to create the capital which eventually catapulted America into capitalist state par excellence. In return for all this, Africa received trinkets, guns and powder and hot drinks which enabled them to constantly engage themselves in wars that provided the Europeans with slaves.[36] Upon that, the Europeans insultingly refer to the Africans as being racially, culturally, and religiously inferior to them. Thus, they fashioned a relationship of unequals - the rulers and the ruled, superior and inferior, and also went ahead to establish political and legal systems - meant to maintain and perpetuate this supremacy and domination.[37]

This made Toynbee to have predicted that future historians would say that, "the great event of twentieth century was the impact of the western civilization upon all other living

societies of the world of that day. They will say of this impact that it was so powerful and so pervasive that it turned the lives of all victims upside down and inside out, affecting the behaviour, outlook, feelings, and beliefs of individual men, women and children in an intimate way, touching chords in human souls that are not touched by external material forces - however ponderous and terrifying."[38] Despite the seeming exaggeration, there is some truth in this statement. The impact of European civilization is found everywhere in the Third World countries and shall be felt by generations yet unborn. One should note that in contrast to the arguments of many who are pro-west, the colonial imperialism was not a civilizing mission. Although there might have been individuals and institutions that worked hard and sincerely for the good of the Third World people, their saving labours were palliative and peripheral.

We must state once again in concrete terms that colonialism was not merely a system of exploitation, but one whose main purpose was to repatriate the profits to the metropoles. By exporting the profits created by Third World labour to Europe, the development of Europe was assured while dialectically this meant the underdevelopment of the latter. That is why Jalee has said that:

> "Proletarian nations" are not poor because of the curse of nature, that they are not lacking in natural wealth, least of all in raw materials for heavy industry. They are poor only because this natural wealth has been, and still is being plundered by imperialism for the needs of its own industrialization, at the expense of those countries from which it flows away in its raw state.[39]

The prime content of colonial political domination was economic exploitation. This exploitation gave birth to the present dependence. Given the role played in the international economy by the Third World, that of being the exporters of primary products under the control of metropolitan capital and constituted as markets for imported manufactures from the same metropolitan countries, Third World has played a definite role in the international economy, but internal development of these countries has been severely curtailed or conditioned by the needs of the dominant economies within the world or international economy or market. In any case, no nation has ever developed completely outside of the world market nor has any nation operated without constraints on policy choices. But, the difference between dependent and inter-dependent development is that growth in the dependent nations occurs as a reflex of the expansion of the dominant nations, and is geared toward the needs of the dominant economies, that is foreign rather than national needs.[40] That has prompted Wayas to state:

> That the problem was not and has not been that Africa was brought into the world market system, but rather, the manner it was introduced into it; having an economic relationship with Europe was not in itself a bad idea; what was bad was the nature of the relationship. The fight which African countries are waging today is therefore a fight not to eliminate the relationship but to change it so that Africa can move away from her present situation of economic dependence and domination.[41]

What is said here applies not only to Africa, but to the entire continents of the Third World. In these dependent societies, foreign factors of production such as capital and technology have become the main determinants of economic progress and socio-political life. And while this same world market promoted the expansion of development in Europe and

America, it has a tendency to limit development in the dependent societies. This historical dependency has been the root problem of the Third World. Dependency, then, means that the development alternatives open to the dependent nations of the South are defined and limited by integration into and functions within the world market. This limitation of alternatives differs from limitations in the dominant nations in so far as the functioning of the basic decisions in the world market are determined by the dominant nations. Thus the dependent nations must make choices in a situation in which they do not set the terms or parameters of choice.[42]

2.7 IMPACTS OF PERIPHERIZATION, UNDERDEVELOPMENT AND DEPENDENCY ON THE THIRD WORLD SOCIETIES

It is worth noting that the process of development and underdevelopment came with the worldwide mercantilist and capitalist expansion of European nations. This process set in motion constellations of developing metropoles and underdeveloped satellites, connecting all parts of the global system from its metropolitan centre in Europe, and subsequently the U.S., to the farthest outpost in the African, Asian, and Latin American countries. This situation has denied the latter countries what might be known as "real development." Real development in this context must involve a structural transformation of the economy, society, polity, and culture of the satellite country in order to allow the self-generating and self-perpetuating use and development of the people's potentials." It is desired that people of the satellite countries become involved in a frontal attack on the oppression, exploitation, and poverty that they suffer at the hands of the dominant classes - and their system. Surely, a country might have been undeveloped, none was ever in an original state of underdevelopment. In our context here, economic development is the concept. The reason is that the type of economy is itself an index of other social features.

In opposition to "growth without development," to use the words of neo-Marxist economic theories, we emphasize real development. In actual fact, underdevelopment does not mean absence of development. It makes sense only as a means of comparing levels of development. Thus, underdevelopment refers to the state of an economy of a satellite economy characterized by under-employment of human and material resources. Such an economy is characterized by low real income per capita in comparison with those of North America and Western Europe. It is characterized by illiteracy, poverty, overpopulation, and diseases.[44]

It is glaringly seen that as the advanced countries are creating the conditions for underdevelopment in the Third World countries, "they are pushing each other toward further growth and expansion in an 'arena of international competition. The Third World is caught in a crunch between the growth drives of different corporations from the same foreign power.[45] From every indications, underdevelopment may begin with colonialism, with foreign cultural, military, or economic intervention and become neo-colonialism. But, regardless of the initial roots, the impetus behind underdevelopment is the growth drive of the developed economies, their systematic pursuit of economic gain through control of raw materials, cheap labour, export markets, tax concessions, prices and variety of financial gains.[46]

In many countries of the Third World, high growth rates have been accompanied by increasing unemployment, rising disparities in incomes both between groups and between regions, and deterioration of social and cultural conditions. Among the glaring illustrations of growth distortions on growth without development are Brazil, Liberia and Ivory Coast (now Cote

de Voir). In the underdeveloped world, less than five percent of GNP is saved, and investments tend to be dissipated in acquisition of land and real estates. The inducement to save tends to be low whereas the inducement to repatriate whatever capital may be available tends to be high.[47] Not less than eight per cent of the people in the underdeveloped world are illiterate and subject to endemic disease resulting from malnutrition and neglect or non-existence or paucity of public health services. Mortality rates are very high and life expectancy rate low, very low in some countries.[48] There are still countries with per capita income of well below $100. Compare the tables below.

TABLE 2.5

INFANT MORTALITY: WESTERN EUROPE, NORTH AMERICA, AND AFRICA

WESTERN EUROPE AND NORTH AMERICA	
France	16.4
Western Germany	23.3
Portugal	59.2
Italy	30.3
Spain	40.0
Belgium	21.7
Canada	19.3
U.S.	19.8
U.K.	18.5
AFRICA	
Zaire	104
Zambia	259
Mali	120
Morocco	149
Cameroon	137
Chad	160
Nigeria	68
Kenya	48.9
Egypt	117
Sudan	94
Tanzania	163
Uganda	160

Source: Compiled from Associated Press Almanac. 1973.

TABLE 2.6

EXPECTATION OF LIFE AT BIRTH AFRICA

Country	Date	Male	Female
Nigeria	1965-1966	37.2	36.7
Ghana	1970-1975	41.9	45.1
Egypt	1960	51.6	53.8
Sudan	1970-1975	47.3	49.9
Uganda	1970-1975	48.3	51.7
Kenya	1969	46.9	51.2
Zambia	1970-1975	42.9	46.1
Morocco	1970-1975	51.4	54.5
Mali	1970-1975	36.5	39.6
Zaire	1970-1975	41.9	45.1
Cameroon	1970-1975	40.9	44.1
Chad	1963-1964	29.0	35.0
Malawi	1970-1972	40.9	44.2
Ethiopia	1970-1975	36.5	39.6

WESTERN EUROPE AND NORTH AMERICA

Country	Date	Male	Female
Italy	1970 - 1972	68.97	74.88
Spain	1970	69.69	74.96
Canada	1970 - 1972	69.34	76.36
Belgium	1968 - 1972	67.79	74.21
U.S.	1974	68.2	75.9
England and Wales	1970 - 1972	68.9	75.1
Western Germany	1972 - 1974	67.87	74.36
Portugal	1974	65.29	72.03
France	1972	68.6	74.4

Source: Table 19 of United Nations Statistical Year Book, 1976 (Adaptation).

TABLE 2.7

HEALTH PERSONNEL

AFRICA

Country	Year	Physicians	Population Per Physician
Nigeria	1973	2343	25,463
Mali	1972	135	38,963
Zaire	1973	818	28,802
Cameroon	1973	21	13,810
Chad	1974	89	44,382
Morocco	1974	1223	13,802
Sudan	1974	1400	12,371
Uganda	1974	540	20,685
Kenya	1973	766	16,292
Egypt	1974	7495	-
Zambia	1971	527	8,159
Ghana	1974	856	11,227

WESTERN EUROPE/NORTH AMERICA

Italy	1973	109,166	502
Spain	1973	51,743	673
Canada	1974	37,277	603
Belgium	1974	17,272	566
U.S.	1973	338,111	622
West Germany	1974	120,260	516
Portugal	1974	10,312	851
France	1974	77,143	681

Source: Compiled from U.N. Statistical Year Book, 1976, Table 206.

TABLE 2.8

HEALTH PERSONNEL

Country	Year	Dentists	Pharmacists	Nursing Personnel	Midwifery Personnel
		AFRICA			
Nigeria	1973	103	499	9567	4063
Ghana	1974	44	444	11011	4168
Egypt	1974	2083	2627	8241	7414
Sudan	1974	149	312	11160	6684
Uganda	1974	19	28	1627	1977
Kenya	1973	65	163	3711	1350
Zambia	1971	35	81	1762	733
Morocco	1974	114	364	-	55
Mali	1972	7	14	1526	168
Zaire	1973	22	131	9285	1235
Cameroon	1973	3	3	148	20
Chad	1974	2	5	565	77
Malawi	1969	10	17	484	201
		WESTERN EUROPE/NORTH AMERICA			
Italy	1973	-	37689	-	18375
Spain	1973	3613	17498	-	4088
Canada	1974	8487	13267	-	-
Belgium	1974	2153	6614	-	3422
U.S.	1973	107320	132899	134900	-
U.K.	1973-4	16384	17574	214633	22953
West Germany	1974	31613	24787	222932	5958
Portugal	1974	-	-	10749	646
France	1974	25069	30059	281531	8803

Source: Compiled from U.N. Statistical Year Book 1976, Table 206.

TABLE 2.9

HOSPITAL ESTABLISHMENTS

Country	Year	Total	Beds	Population Per Bed
	AFRICA			
Nigeria	1972	-	42101	1378
Kenya	1972	-	15904	759
Egypt	1973	1444	76611	464
Sudan	1974	137	15792	1097
Tanzania	1970	-	16640	775
Zanzibar	1967	15	875	400
Uganda	1974	241	15723	710
Mali	1971	54	3718	1382
Morocco	1974	144	23056	732
Cameroon	1972	30	612	458
Chad	1974	45	3464	1140
Zaire	1973	-	72090	327
Zambia	1969	540	13242	313
	WESTERN EUROPE/NORTH AMERICA			
France	1973	-	534023	98
W. Germany	1974	3483	716530	87
Portugal	1974	581	53454	163
Italy	1972	2189	575162	95
Spain	1973	1288	180547	193
Belgium	1974	479	87164	112
Canada	1973	1386	207699	106
U.S.	1974	7370	1418939	149

Source: Compiled from U.N. Statistical Year Book, 1976, Table 206.

TABLE 2.10

ILLITERACY FOR WESTERN EUROPE, NORTH AMERICA AND AFRICA

Country	Illiteracy Rate
Western Europe and North America	
Italy	7%
Spain	3%
U.K.	Negligible
U.S.	0-3%
Canada	1%
Belgium	0-3%
Western Germany	0-1%
Portugal	35-40%
France	0-3%
AFRICA	
Nigeria	75%
Kenya	75-80%
Egypt	70%
Sudan	85-90%
Tanzania	80-85%
Uganda	80%
Cameroon	85%
Chad	90%
Mali	95%
Morocco	86%
Zaire	60%
Zambia	80-85%

Source: Compiled from Associated Press Almanac. 1973.

TABLE 2.11

CONSUMPTION OF CHEMICAL FERTILIZER, 1975/6
(THOUSAND METRIC TONS)

Country	Phosphate	Nitrogenous	Potash
	AFRICA		
Nigeria	16.1	30.2	6.0
Kenya	21.3	20.5	2.7
Egypt	83.0	415.0	3.2
Sudan	0.1	95.0	-
Uganda	3.3	1.4	0.5
Swaziland	1.5	5.5	2.4
Ghana	8.9	14.2	4.6
Zambia	24.7	41.3	12.0
Morocco	64.5	63.2	35.3
Mali	0.4	1.6	-
Zaire	0.6	2.6	1.9
Ethiopia	20.0	13.1	-
Chad	5.6	2.2	1.3
Malawi	0.6	9.0	1.5
	WESTERN EUROPE AND NORTH AMERICA		
Italy	489.6	724	275.6
Spain	422.2	763	257.5
Canada	526.0	562.0	215.0
Belgium-Luxembourg	133.5	182.0	148.5
U.S.	4731.2	9384.7	4724.2
U.K.	391.0	1045.0	399.0
West Germany	779.7	1228.1	1099.0
Portugal	73.7	141.0	30.0
France	1618.3	1707.8	1314.0

Source: Compiled from Tables 174,175 and 176 of U.N. Statistical Year Book, 1976.

TABLE 2.12

CAPITAL ENDOWMENT, 1976

	1 Electric Energy (Installed Capacity)	2	3 Kiloms Rail (Millions)	4 Motor Vehicle (Passeng.Thous)	5 Comm. Vehicle Thousands	6 Merchant Ship (G A T)
Country	Thou. KW	Passengers	Net Tons	Units	Units	1977
France	50166	51168	68508	15900.0	2410.0	11614
West Germany	81431	36451	59219	18919.7	1353.9	9592
Portugal	3388	5235	854	1034.0	288.0	1281
Italy	44831	39118	16376	15925.3	1682.0	11111
Spain	26691	16686	9842	5351.4	1091.6	7186
Belgium	10842	8191	6637	2738.0	293.6	1595
Canada	65866	3090	195642	8870.3(1975)	2157.8(1975)	2823
U.S.	558869	15688	1146492	103003.0	26152.0	15300
U.K.	78897	-	20400	14235.8	1855.9	31646
Zaire	1217	447(1973)	3017(1973)	84.8(1974)	76.4(1974)	110
Zambia	1781	-	-	85.8(1974)	62.0(1974)	-
Mali	9	121	148	11.1(1974)	7.0(1974)	-
Morocco	580	828	3143	347.4	145.7	270
Liberia	300	-	-	12.1(1974)	10.0(1975)	985
Chad	15	-	-	5.8(1973)	6.3(1973)	-
Kenya	284	-	-	98.3(1975)	69.2(1975)	-
Sudan	250	-	12288(1973)	29.2(1972)	21.2(1972)	43
Nigeria	900	785(1974)	972(1974)	150.0(1973)	82.0(1973)	336
Ethiopia	320	132	260	52.5	13.1	-
Uganda	163	-	-	27.0(1974)	8.9(1974)	
Ghana	900	431(1972)	305(1972)	64.0	46.0	183

Source: Compiled from U.N. Statistical Year Book, 1977, Tables 143, 157, 159 and 160.

TABLE 2.13

ANNUAL RATE OF POPULATION INCREASE, 1970-75 (PERCENT), SURFACE AREA AND POPULATION DENSITY 1975 (PER SQ. KILOMETRE OF SURFACE AREA)

Macro Regions & Regions	Population Increase	Rate %	Surface Area	Density
	1965-75	1970-75	1975	1975
World	1.9	1.9	135,830	29
Africa	2.7	2.6	30,319	13
West Africa	2.5	2.6	6,142	19
Eastern Africa	2.7	2.7	6,338	18
Northern Africa	2.8	2.7	8,525	11
Middle Africa	2.4	2.3	6,613	7
Southern Africa	2.9	2.7	2,701	10
America	2.0	2.0	42,082	13
Northern America	1.0	0.9	21,515	11
Latin America	2.7	2.7	20,566	16
Tropical South America	3.0	2.9	14,106	13
Middle America	3.2	3.2	2,496	32
Temperate South America	1.5	1.4	3,726	10
Caribbean	1.9	1.9	238	113
Asia	2.1	2.1	27,580	82
East Asia	1.6	1.7	11,756	86
China	1.7	1.7	9,597	87
Japan	1.2	1.3	372	298
Other East Asia	2.2	2.2	1,786	31
South Asia	2.6	2.5	15,825	79
Middle South Asia	2.5	2.4	6,785	123
Eastern South Asia	2.7	2.7	4,498	72
Western South Asia	2.8	2.8	4,542	19
Europe	0.6	0.6	4,937	96
Western Europe	0.7	0.6	995	154
Southern Europe	0.7	0.7	1,315	100
Eastern Europe	0.6	0.6	990	107
Northern Europe	0.4	0.4	1,636	50
Oceania	2.0	2.0	8,510	3
Australia & New Zealand	1.9	1.8	7,956	2
Melansia	2.4	2.4	524	6
Polynesia and Micronesia	2.6	2.6	30	43
USSR	1.0	1.0	22,402	11

Source: Compiled from U.N. Statistical Year Book, 1976, p.8

What we have discussed and seen statistically so far form the symptoms of what economists refer to as the "low level equilibrium trap" or the "vicious circle of poverty". In the dependent world, not much has been done to explore natural resources or to provide the people with social overheads, such as roads, and railroads. Instead, the dependent countries embark on prestige projects such as gigantic airports. Technical skills have not been well developed. The national bourgeoisie remain what radical underdevelopment and dependency theorists (UDT) refer to as "phantom bourgeoisie", lacking in capital to be able to behave like their counterparts in Europe. The result is that whatever industry there is tends to be owned and operated by foreigners. Thus, decisions affecting vital national interests are made in New York, London, Paris, and Bonn, headquarters of most of the world's global giants.[49]

Monoculture and great dependence on the export of a single crop or mineral are perennial. This sort of dependence and imperialist manipulations contribute to instability and great impediment to sustained growth.[50]

As a way of escape from this despicable condition, the underdeveloped world must be able to accumulate capital. They must be able to generate domestic savings from their meagre incomes and invest those savings in growth producing projects. But the unfortunate thing is that, saving and investment are prohibitively difficult under conditions of material penury because of the low margin propensity to save and similar low inducement to invest.

Debt burden, it should be noted, has been a major issue in the North=South relation. That was why on the 8th and 9th of July 1991, Parliamentarians from Africa and Northern countries met in Abidjan to agree on a strategy of action to support African recovery, resolve the African human development crisis, reduce the excessive debt burdens and strengthen African plans to democratize their societies. Debt is seen as only one of the severe economic problems Africa and other Third World continents are facing. Still, debt itself is an integral element in intensifying the vicious cycle of Third World's decreasing performance and increasing marginalization. Debt relief is a necessary pre-condition for solving these problems. It is an undisputed fact that a considerable amount of money provided by the multilaterals to Africa, for instance, between 1982-90 has gone into financing debt service payments to private creditors, and between 1986-90, to the International Monetary Fund (I.M.F.). The table below shows Africa's debt burden.

TABLE 2.14

DEBT BURDEN RELATIVE TO ECONOMIC AND EXPORT CAPACITY
(AMOUNT IN BILLIONS OF CURRENT U.S. DOLLARS)

	1982	1986	1990
NORTH AFRICA:			
Total Outstanding Debt:	67.80	91.68	107.19
Total GNP:	121.86	135.72	137.89
Total Exports:	47.95	35.05	45.59
Debt/GNP Ratio:	55.64%	67.55%	77.74%
Debt/Exports Ratio:	141.40%	261.57%	235.12%
SUB-SAHARAN AFRICA:			
Total Outstanding Debt:	72.48	115.40	162.87
Total GNP:	187.94	154.25	147.65
Total Exports:	38.63	35.13	47.20
Debt/GNP Ratio:	38.57%	74.81%	110.31%
Debt/Exports Ratio:	187.62%	328.49%	345.06%
CONTINENTAL AFRICA:			
Total Outstanding Debt:	140.28	207.08	270.06
Total GNP:	309.80	289.97	285.54
Total Exports:	86.58	70.18	92.79
Debt/GNP Ratio:	45.28%	71.41%	94.58%
Debt/Exports Ratio:	162.02%	295.07%	291.02%

Source: African Development Review: (A Journal of the African Development Bank for the Study and Analysis of Development Issues in Africa, Vol.3 No.2 December, 1991) P.108. A special issue on North-South Roundtable on African Debt, Recovery and Democracy.

The above table in essence shows that in relative terms Africa's debt burden worsened considerably between 1982 and 1990 as the continent's output stagnated and exports fell with the relative performance of the two sub-regions being markedly different. This debt problem as we know it, is not peculiar to Africa alone; it is common to the developing world.

Once again, for the underdeveloped world to break out of its low equilibrium trap, the international economic order must be re-ordered.

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CHAPTER THREE

3.1 COLONIAL NIGERIA AND EXPLOITATION

Nigeria, the most populous country on the African continent, only came into being in its present form in 1914 when the two protectorates of Northern and Southern Nigeria were amalgamated by Sir Frederick Lugard. Sixteen years earlier, Flora Shaw, who later married Lugard, first suggested in an articles for "The Times" that the several British Protectorates on the Niger be known collectively as Nigeria.[1]

Although Nigeria was the creation of European ambitions and rivalries in West Africa, it would be an error to assume that its peoples had little history before its final boundaries were negotiated by Britain, France and Germany at the turn of the twentieth century. It must be known that this newly created country contained not just a multiplicity of pagan tribes, but also a number of great kingdoms that had evolved complex systems of government independent of contact with Europe.[2] Within frontiers were the great kingdom of Kanem - Bornu, with a known history of more than a thousand years; the Sokoto Caliphate which for nearly a hundred years before its conquest by Britain, had ruled most of the savannah of northern Nigeria; the kingdoms of Ife and Benin, whose arts had become recognized as amongst the most accomplished in the world; the Yoruba empire of Oyo, which had once been the most powerful of the states of the Guinea Coast; the city states of the Niger Delta, which had grown in response to European demands for slaves and later palm-oil; as well as politically decentralized but culturally homogeneous Ibo peoples of the South East and the small tribes of the Plateau.[3] Between these very diverse groups there was much more commercial and cultural contact than has usually been

appreciated, and only recent research has begun to reveal how much the superficially disparate peoples of Nigeria have in common.

Any country is in a sense an artificial creation. In the case of Nigeria, however, Union was so sudden, and included such widely differing groups of peoples that not only the British, who created it, but the inhabitants themselves have often doubted whether it could survive as a political entity. Fortunately, on 1st October, 1960, despite many difficulties, focusing mainly on the differences among its various component - groups, Nigeria became a sovereign federation.[4]

The Federal Republic of Nigeria covers an area of 913,073 square kilometres and according to the 1963 census has a population of 55,600,000 people, an increase of 20,000,000 people over the 1953 census.[5] The coast line stretches for 804.65 sq,km from Badagry in the West to Calabar in the East, and includes the Bights of Benin and Biafra. Its borders are contiguous with Dahomey (Now Benin) to the West, Niger Republic to the North and the Federal Republic of Cameroun to the East. Nigeria was initially divided into twelve states, but now it has thirty. It falls more naturally into four geographical regions: a dense belt of mangrove forests and swamps stretching along the coast and often as much as sixty miles wide; the mangrove belt gives way to a forest belt which covers much of the present Southern States; the northern savannah and the great Jos Plateau. The northern savannah, which lies on the marches of sahara, stretches from Sokoto to Lake Chad, and in parts reaches as far south as Oyo in the West.[6] This great plain punctuated by occasional outcrops of granite rock, or inselbergs,

forms the basis of the wealth of Northern Nigeria. It is densely populated and, in parts, as heavily cultivated as Holland.[7]

Nigeria today is inhabited by a large number of ethnic groups ranging in size from a few thousand to many million, speaking between them several hundred languages. Though at first their variety of customs, language and social organization is bewildering, they can be classified into a number of their wider cultural affiliations. Linguistic affiliation does not necessarily imply common descent, since contact between two very different groups can result in the assimilation of the linguistic system of one by the other. The majority of Nigeria's inhabitants speak one of the large group of the languages which Greenberg has defined as the Niger-Congo family, which is in turn part of the still larger Congo-Kordofanian family.[8] With certain qualifications, the ethnographic pattern of Nigeria has remained roughly constant for the past 800 to 1000 years, and many linguistic experts would say longer.[9] The story of Nigeria as it is known today goes back more than two thousand years. Much of the earlier history of its peoples is contained in myths and legend, for only in the north, where the Kanuri and Hausa came into contact with the Arabs, are there any extensive written records before the nineteenth century.[10]

3.2 THE BEGINNINGS OF ALIEN RULE (COLONIZATION)

The Portuguese were the first to reach what later became modern Nigeria in the fifteenth century. They began rich trade with the coastal peoples chiefly with the people of Benin and neighbouring districts. From sixteenth century onward, other European traders came to the scene. Treaties were signed with the Kings of the area. Slaves and palm oil made the articles

of the trade. After the abolition of the slave trade, palm oil became the cardinal article of trade. Little wonder, therefore, Niger became "Oil Rivers."

By this time, the whites concentrated their intercourse with the aborigines at the coastal areas probably because they were afraid of penetrating the unknown areas of the hinterland. On the other hand, it is believed that the Kings of the areas did not allow them free entry into their kingdoms. The Kings acted as intermediate traders between the whites at the coasts and the people who came from the North African nations. At a point, the North African traders complained and the whites decided to break the barrier. To this end, the River Niger had to be explored for the thorough understanding and for first-hand information about the people and their ways. Mungo Park and Hugh Clapperton pioneered the exploration of the Niger, but the course and the mouth of it were in 1830 discovered by the Lander Brothers (Richard and John Landers). The Niger expedition became more successful when Dr Baikie discovered the use of Quinine for the prevention of malaria. This success was recorded in 1854. the exploration and penetration by the whites were not taken kindly by the Kings and subjects of the areas. they resisted vehemently and the whites used fire power to subdue the intransigent natives. In this context, mention should be made of names like King Jaja of Opobo and Oba Overahmi of Benin.

This subjugation through fire power and sometimes by signing of treaties were carried out in the South by Sir Tubman Goldie of the Royal Niger Company. Article five of a treaty, as an example, signed by Jaja read:

> The King and Chiefs of Opobo hereby engage to assist the British consular or other officers in the execution of such duties as may be assigned them, and further to act upon their advice in matters relating to the administration of Justice, the development of the resources of the country, the interests of the commerce, or in any matter in relation to peace, order and government and the general progress of civilization.[11]

Lord Lugard took care of that in the North. The subjugation ushered in the concept of "protectorate."

In 1849, John Beecroft was appointed the first British consul to take charge of the Southern protectorates. He stationed at Fernando Po.

The firms trading in the interior were threatened not only by hostile tribes, but though they did not realize it at that time, by the possibility of foreign competition. Just at this stage at Delta Politics, there arrived in Nigeria a man, subsequently called "the Founder of Modern Nigeria." who dealt successfully with both these threats to the British monopoly of trade along the Niger.[12] First he set about amalgamating the various Niger companies, impressing erstwhile rivals with the advantages of cooperation through sheer force of personality. This was George Dashwood Tubman Goldie, who had already travelled in North-East Africa, and had been fired with imperial zeal from an early age.[13] He had a shrewd appreciation of the ambitions of the French in Africa and was determined that they should not carry off what he considered the main prize: the lands of the Niger basin. By November 1879 (this time he was knighted Sir George Tubman Goldie) he had welded all the major companies trading on the Niger into the United

African Company, having persuaded the directors that the only cure for over-competition was monopoly. All ships, stores and staff were pooled. But, this monopoly was soon to be challenged by the French.

The Germans were active too. G.L. Gaiser purchased Mahin beach near Lagos, though he was later forced to return it.[14] Goldie anticipated these threats with remarkably clear foresight. The Delta, he considered no problem, for with easy access to British gun boats, the local chiefs and Kings could easily be controlled. The hinterland was a different problem. Since it was inaccessible to warships, it would, he believed, always be possible for another power to gain the interior. Though the British Government refused to grant Goldie a charter, it conceded him the right to make treaties with the local Chiefs. By 1884 he had concluded thirty-seven such treaties.[15] He formed a fleet of twenty gun boats, which proved very valuable as opposition to his company's monopoly increased. Akassa, Brass, Patani and Asaba were all bombarded on attacks on the companies trading factories. On the other hand, when African like the Emir of Nupe proved friendly and willing to cooperate, the company was prepared to offer its assistance and indeed it gave the Emir very substantial help in putting down rebellions in 1881 and 1882. Goldie, in fact, behaved as though he had already been granted a charter by the British Government. In 1884, when the Germans sent Herr Flagel to gain treaties with the Sultan of Sokoto and Emir of Gwandu, it was Goldie through Joseph Thompson who forestalled him.[16]

The foreign office also gave Consult Hewett grudging permission to make treaties in the Oil Rivers. Sometimes consulate and company competed for the same treaties. More serious was international competition. In July 1884 Germany hosted her flag over the Cameroons a few days before Hewett arrived to declare a British Protectorate. The growing atmosphere of "scramble for Africa" brought the European powers to the conference table at Berlin to agree on their respective spheres of influence. It was here that the value of Goldie's work for Britain, on whose behalf he attended the conference as an official delegate, having broken the rival French Company only a fortnight before, and armed with a sheaf of treaties with local rulers was seen. Goldie almost saw his work ruined when Germany proposed the establishment of an international commission to ensure free trade on the Niger, whatever power controlled the territory through which it flowed. However, in exchange for Britain's promise to recognise Leopold of the Belgian's Congo Association, Bismarck supported a revised Niger Navigation Act, which, while it insisted on the principle of international free trade, made no provision for a commission to ensure its observance.

As a result of Goldie's work, Britain had little difficulty in laying claims to the area around the Niger. She formally proclaimed a protectorate over the Niger Districts, thus reversing her declared policy of 1865. The Niger Districts were proclaimed, "the territories of the line of coast between the British Protectorates of Lagos and the right or western bank of the 'Rio del Rey' and the "territories on both banks of the Niger, from its confluence with the River Benue at Lokoja to the sea, as well as the territories on both banks of the River Benue, from the confluence up to and including Ibi."[17] From now on, Britain was deeply involved in the affairs

of Nigeria. Any hesitation about interfering in the affairs of Yorubaland and the more remote Fulani Empire was cast aside as trading and government interests fused as a result of threatened foreign competition. No consideration to African interest was given either by Britain or the other powers attending the Berlin Conference. West Africa was parcelled out in terms of European political rivalry.

To ensure the effective control and administration, the British colonizers set to amalgamate the two Nigerias. The amalgamation was consummated in 1914. But, the period 1906-12 which preceded the amalgamation of the Northern and Southern Protectorates by Sir Frederick Lugard, is one of the most crucial in the history of Nigeria, for it marks both the beginning of effective British administration and the beginning of the rejection of standards and customs that had endured almost intact for many centuries. It was the first time that Nigerians were subjected in any large measure to Western influences, which in the next fifty years were to have such a great effect on Nigerian society. A whole new economic world was to be opened to Nigerians.

The fact that the whites denied the educated Africans participation in the administration of the country, and given the exploitative nature of their administration, coupled with the mild colour bar situation in the country, there arose national consciousness. This was aimed at wresting control of affairs from the British Government, and the attainment of independence. This came to fruition on the 1st October 1960, when Sir Abubakar Tafawa Balewa became the Prime Minister while Dr Nnamdi Azikwe became the first indigenous governor-general and

subsequently, the first President.

3.3 THE COLONIAL ECONOMY

The colonial economy was characterized by disarticulation or incoherence.[17] There is need to know what disarticulation or incoherence means in a more specific term here. According to Ake, a disarticulated economy is one whose parts or sectors are not complementary.[18] In a coherent economy, there is regional and/or sectoral complementarily and reciprocity. One region specializes in agriculture while another supplies the agricultural sector with manufactured goods.

A clear understanding of this comes with the consideration of the colonizers' efforts at development. The colonizers could not exploit the colony's wealth at no cost at all. In some case, the extraction of the colony's resources entailed some investment in infrastructure. These were in the form of roads, water resources, railways, electrical power, and administrative structures. Following the capitalist rationality of minimum input for maximum output, they invested only in what they had to, and where they had to.[19] Not surprisingly the places in which colonialism fostered some development were those convenient collecting centres for commodities, such as Kano; shipping centres, such as Lagos, Mombasa, and Dar es Salaam, places where climate was to the taste of Europeans and which could be used as administrative headquarters, such as Nairobi.[20]

These centres gradually assumed a character quite different from that of the surrounding country. Some of them had factories for processing raw materials such as palm kernels, amenities such as tap-borne water, electricity, railway stations, a scattering of buses, cinemas, hotels, tarred roads and excellent recreational facilities in the European sections.[21] These centres were a piece of Europe in Africa. They represented in concrete and poignant form the fact of colonialism and the contradictions between the colonizers, and the colonized. The contrast between the amenities in these centres and lack of amenities in the villages between the commodious living of the European districts and the intolerable wretchedness of the peasants' lifestyle, brought the meaning of colonialism home. These centres or enclaves, as some people prefer to call them, made the colonial economy even more incoherent. There they stood alienated, hostile and incomprehensible to their environment.[22]

The colonial economy was characterized by market imperfections and monopolies. This characteristic of colonial capitalism is an important element in the link between colonization and underdevelopment. In colonial Africa, capitalism short-circuited history, so to speak, and moved directly to a monopoly stage. Just to give an idea of the uncompetitive nature of this capitalism, commerce in colonial Africa was dominated by a small number of powerful firms especially Compagnie Francaise de l'Afrique Occidentale. The United African Company, and the Societe Commerciale de l'Ouest Africain.[23] These three companies handled as much as 70% of West Africa's foreign trade. The United African Company alone controlled about 50% of West Africa's foreign trade in the 1930's. The same monopoly tendencies occurred in other spheres of economic life such as shipping and banking. In shipping, the monopoly power of Elder

Demster and Company was roughly analogous to that of United African Company in commerce. In British West Africa, banking was monopolized by the Bank of West Africa until 1926 when Barclays Bank was founded.[24] The French established one vast banking monopoly in their overseas territories. This was the Banque de l'Afrique Occidentale. These monopoly tendencies hampered the development of productive forces by discouraging competition.

In Nigeria, at about late 1930s, U.A.C. (United African Company) alone controlled well over 40% of her export-import trade, and in 1949 it controlled 34% of commercial merchandise imports in the country, and bought on behalf of the Nigerian Marketing Boards, 43% of all Nigerian non-mineral exports.[25] Furthermore, the U.A.C., John Holt, P.Z. (Pattersonzochnis), SCOA (the Sociate Commerciale de l'Ouest Afrique), CFAO (Compagnie Francaise de l'Afrique Occidentale), and U.T.C. (the Union Trading Company), formed the Association of West African Merchants (AWAM), and through it made agreements and allocated export quotas. This made it impossible for Africans to have a chance in the trading competition. The result was that in 1949, the AWAM controlled some 66% of all imports and almost 70% of the exports in Nigeria. They also controlled most retail and semi-wholesale trade all over the country. In the banking and shipping business, Europeans also pre-empted.

In 1939, the British colonial Government established a monopoly over the purchase, export and marketing of all West African agricultural products. It turned out that the large expatriate firms were the beneficiaries of that official monopoly. The banks which were exclusively in white hands, denied credits and loans to Africans. These points bear importantly on our understanding of the persistence of underdevelopment.

3.4 POST-INDEPENDENCE NIGERIA - 1960-1966: ECONOMIC POLICIES AND PATTERN OF TRADE

In his first speech as Prime Minister, sir Abubakar Balewa stated in 1957 that, "Nigeria's economy has been closely linked with that of the U.K. and we intend to strengthen that link to the advantage of both countries. After independence we shall continue to look first to British to supply those technical officers whose services we need so much. We are indeed grateful to the U.K. for many things and it is our desire that our association shall continue even closer than now".[26] This in effect meant that Nigeria would not only continue her participation in the global capitalist economy, but such participation would continue to be mediated through Britain, or at least, Britain would be the main actor on the other side, that is the core, of the system. This strategic British position was further amplified during the last constitutional conference in 1958 when the Prime Minister further stated that Anglo-Nigerian relationship will be superceded by partnership. After stressing the important role of Britain in Nigerian economy, he continued, "And here I would emphasize that it is not mere aid that we seek but genuine investment. If the government and the commercial interests of the Great Britain will have the courage, and I may say the good sense to invest in Nigeria, we for our part will guarantee a fair return on their capital outlay. I sometimes doubt whether your businessmen here in England are fully alive to the extent of possibility available to them in Nigeria, and whether they will take full advantage of the potentially enormous market which is waiting to be developed. My fear is that in their reluctance to risk their money, they may be overtaken by other more enterprising of the Western countries."[27] His independence motion in the House of Parliament later in the same year was similarly marked by the same plea for British investments, gratitude to British Commercial firms for having "developed" Nigeria and the hope that, "as we take the road to independence we shall find the British still walking alongside."[28]

Although the emphasis at this stage was on the continuation of extant economic link with former colonial power, the government's attitude to economic links with capitalist interests in other core countries was basically the same. As early as 1956, the government had in fact described its policy towards private investment, from whichever source, as that of encouragement rather than competition.[29] In 1960, the government re-asserted this policy when the finance Minister stated in the 1960 budget that:

> It will be the cardinal aim of this government's policy to maintain in Nigeria a climate conducive to the attraction of foreign capital whether in the public or in the private sector.[30]

Two years after independence, the Nigerian government launched a six-year National Development Plan. This Plan points in quite clear colours the government philosophy of development as earlier mentioned. Right from the onset, the plan was a joint programme between the Nigerian bourgeoisie and their external counterpart, united by their commitment to a process of capitalist development. To start with, the plan was the brain-child of a group of intellectuals from Michigan University sponsored by Ford Foundation under the leadership of Professor Wolfgang Stolper.[31] Given this ideological disposition which tallied with that of the Nigerian bourgeoisie, it was not surprising that so much emphasis was placed in the plan on the need for external capital, foreign technical assistance, import-substitution and free private enterprise. For instance, 50% of the projected investment in the public sector was to be met by external borrowing, (see table below). Similarly, of the private investment requirement ₦654.2 million from a total investment programme of ₦1307.8 million. In other words about 50%.[32]

In practical terms, the post-1960 government continued the laissez faire attitude to foreign investment, an attitude that to a large extent was a carry over from the colonial era. Foreign private investors were not only encouraged and urged to invest in Nigeria, but it became a conscious government policy to create a favourable climate for private capital accumulation through the provision of incentives in various forms. Many forms of aid were given to pioneer industries. Non-fiscal measures were also pursued to further create an attractive investment atmosphere. Among these could be named infrastructural developments which were not only continued where the colonial power left, but was pursued with extra vigour. There were industrial estates provided. There was absence of governmental controls on the amount, character, and location of investment and, on the repatriation of profits. Exchange and other monetary controls had to await the establishment of the Central Bank in 1962. Tariff rates were also very liberal. Most capital goods carried no imports duties at all. Intermediate goods carried imports duties varying from 10-15%, while finished consumer goods had rates ranging from 25-30%.[33]

The cumulative effects of all these incentives and government laissez faire or passive attitude to foreign business activities in Nigeria, can be seen in the fact that while foreign businessmen contributed 67.7% of paid up capital in Nigerian industries in 1963, by 1966 the percentage was 70.2.

While the government believed that its open policy to international capital was indispensable to its development strategy, it also saw the need for protection and encouragement

of domestic industries, irrespective of ownership. In any case, the major policy instrument in this regard, was the support for import substitution industries.

In the field of trade as in capital investment, Nigeria was largely dependent on the West and on Britain in particular. More than 30% of her international trade was with Britain alone and about 80% with the countries of the Western alliance.[34] As we saw earlier on in the words of the Prime Minister, Nigeria was overwhelmingly leaning on the West for Capital investment and technical assistance. Same pattern was obvious in the area of military assistance. the tables below testify to what we have discussed above.

TABLE 3.1

THE FINANCE OF PUBLIC SECTOR INVESTMENT PROGRAMMES UNDER VARIOUS NATIONAL DEVELOPMENT PLANS, 1962-85

	1962-1968		1970-1974		1975-1980		1980 - 1985	
	Total	%	Total	%	Total	%	Total	%
Effective Public Sector	1307.8	100	1560	100	20,000	100.0	82.00	100
Investment Programme	na	na	na	na	na	na	na	na
Sources of Finance	na	na	na	na	na	na	na	na
Domestic Sources	526.0	40.2	1258	80.6	26,739	133.7	76000	92.7
External Sources	654.2	50.2	302	19.4	-	-	600	7.3
Uncovered Gap	127.6	9.8	-	-	6,739	33.7*	-	-

*Net surplus, i.e. excess of domestic public sector resources over planned public sector investment programme.

Source: S.A. Madujibeya, "Oil and Nigeria's Economic Development", in African Affairs, Vol.75, No.300 July, 1976, p.315 and the Fourth National Development Plan. 1980-1985.

Note: na - Not Available

TABLE 3.2

DESTINATIONS OF NIGERIA'S DOMESTIC EXPORT, 1963-1968
(£MILLION)

DESTINATION	1963	1964	1965	1966	1967	1968
1. Britain	73821 (40.0)	80657 (38.3)	101465 (38.5)	105177 (37.6)	70316 (29.5)	61939 (30.0)
2. Other Sterling Areas	3563 (2.0)	6042 (2.9)	2343 (0.9)	3563 (1.3)	1937 (0.8)	1854 (0.9)
2. Dollar Areas	19360 (10.5)	17489 (8.3)	3233 (12.3)	40573 (14.6)	31175 (13.1)	27119 (13.1)
4. European Economic Community	69248 (37.5)	76666 (36.4)	(93279) (35.4)	100509 (36.1)	95607 (40.2)	75439 (36.5)
5. Other Areas	18873 (10.0)	29608 (14.1)	33828 (12.9)	28875 (10.4)	39062 (16.4)	40154 (19.5)
Total	184865 (100)	210462 (100)	263246 (100)	278697 (100)	238097 (100)	206505 (100)

Source: Nigeria Trade Summary, 1963-68

Note: Figures in brackets are the percentage of total figures, some of them are rounded.

TABLE 3.3

SOURCES OF NIGERIA'S IMPORT, 1963-68
(£ MILLION)

Sources	1963	1964	1965	1966	1967	1968
1. Britain	70845 (34.1)	78669 (31.0)	85054 (30.9)	76253 (29.1)	64574 (28.9)	59882 (31.1)
2. Other Sterling Areas	14648 (7.1)	17090 (6.7)	18045 (6.6)	15496 (6.1)	12789 (5.7)	11189 (5.8)
2. Dollar Areas	20302 (9.8)	33716 (13.3)	36831 (13.4)	45083 (17.6)	30766 (13.7)	23885 (12.4)
4. European Economic Community	44903 (21.6)	58869 (23.2)	68217 (24.7)	67795 (26.4)	57635 (25.8)	53310 (27.7)
5. Other Areas	56858 (27.4)	65536 (25.8)	67246 (24.4)	51745 (20.2)	57785 (25.9)	44315 (23.0)
Total	207556 (100)	253880 (100)	275394 (100)	256372 (100)	223549 (100)	193581 (100)

Source: Nigeria Trade Summary, 1963-68.

Note: Figures in brackets are the percentages of total figures, some of them are rounded.

TABLE 3.4

FOREIGN INVESTMENT BY ORIGIN, 1962-1964
(£ MILLION)

Origin	Paid up Capital (including Reserves)	Other Liabilities	Total	% Distribution of Total	Investment in fixed Total	% Distribution of total
United Kingdom						
1962	47.8	87.8	135.6	61.4	104.8	66.9
1963	63.8	88.3	154.1	59.5	116.5	66.2
1964	82.6	98.8	181.4	56.5	162.2	57.9
U.S.A.						
1962	0.2	19.2	19.4	8.8	15.0	9.6
1963	0.6	23.4	24.0	9.3	14.3	8.1
1964	6.2	32.8	39.0	12.1	32.7	11.7
WESTERN EUROPE						
1962	12.0	34.8	46.8	21.2	19.7	12.6
1963	15.9	44.4	60.3	23.3	36.6	20.8
1964	24.3	51.4	75.7	23.6	63.6	22.7
OTHERS (UNSPECIFIED)						
1962	9.2	9.9	19.1	8.6	17.2	11.0
1963	10.8	9.5	20.3	7.9	8.5	4.8
1964	12.5	12.6	25.1	7.8	21.7	7.7
TOTAL						
1962	69.2	151.7	220.9	100.0	156.7	100.0
1963	93.1	165.7	258.8	100.0	176.0	100.0
1964	125.6	195.6	321.2	100.0	280.2	100.0

Source: Central Bank of Nigeria, Review, 1965.

Note: The figures relate to companies wholly or largely owned by foreign or non-residents but without distribution between residents and non-residents. Fixed assets are net of depreciation allowances in 1962 and 1963.

TABLE 3.5

NET FLOW OF FOREIGN CAPITAL BY COUNTRY 1961-64
(£ MILLIONS)

	United Kingdom	United States	Western Europe	Others Unspecified	Total
Unremitted Profits					
1961	+ 1.8	+ 0.5	+ 0.3	+ 0.1	+ 2.7
1962	+ 7.1	+ 0.2	+ 0.4	+ 0.2	+ 7.9
1963	+ 10.0	+ 0.2	+ 2.6	+ 0.6	+ 13.4
1964	+ 11.6	+ 0.4	+ 4.3	+ 1.5	+ 17.8
Changes in Foreign Share and Loan Capital					
1961	+ 5.9	+ 0.4	+ 2.4	-	+ 8.7
1962	+ 2.4	+ 1.4	+ 1.1	-	+ 4.9
1963	+ 6.9	+ 0.2	+ 2.4	+ 1.0	+ 10.5
1964	+ 14.4	+ 0.1	+ 5.9	+ 0.4	+ 20.8
Trade and Suppliers Credit (NET)					
1961	+ 1.1	+ 0.6	+ 0.2	+ 0.4	+ 2.3
1962	+ 0.4	- 0.2	- 0.4	+ 2.1	+ 2.3
1963	+ 0.1	+ 0.3	+ 1.1	+ 0.3	+ 1.8
1964	+ 0.5	+ 2.2	+ 0.8	+ 1.1	+ 4.6
Other Foreign Liabilities (Net)					
1961	-	+ 2.1	+ 0.3	+ 1.0	+ 3.4
1962	+ 0.4	- 1.5	+ 0.1	+ 2.7	+ 1.7
1963	+ 1.1	+ 0.1	+ 0.1	+ 0.1	+ 1.4
1964	- 0.7	+ 0.3	+ 0.7	+ 1.0	+ 1.3
Liabilities to Head Office					
1961	+ 5.0	+ 2.3	+ 2.7	+ 0.2	+ 10.2
1962	- 7.4	+ 3.7	+ 5.7	+ 1.1	+ 0.9
1963	- 1.1	+ 4.6	+ 7.2	+ 0.1	+ 10.8
1964	+ 2.2	+ 12.0	+ 3.6	+ 0.7	+ 18.5
TOTAL					
1961	+ 13.8	+ 5.9	+ 5.9	+ 1.7	+ 27.3
1962	+ 2.9	+ 4.0	+ 6.9	+ 3.9	+ 17.7
1963	+ 17.0	+ 5.4	+ 13.4	+ 2.1	+ 37.9
1964	+ 28.0	+ 15.0	+ 15.3	+ 4.7	+ 63.0

Note: The figures related to companies wholly or largely owned by foreign companies or non-residents but without distribution between residents or non-residents.

Source: Central Bank of Nigeria, Review, 1965

Furthermore, we must recall the Prime Minister's statement that after independence, Nigeria would need technical officers from Britain whose services the country would need so much. A case in point is that, at independence Nigeria and Britain signed a defence treaty. This treaty was abrogated as a result of public opinion in Nigeria though the spirit of the pact lingered on as most of the country's military personnel were trained by Britain. Until 1964, Commanders of the Navy and Army were British nationals.[35] Up to 1964, all the Nigerian officers to the rank of a Captain and above were trained in British institutions. In the rank of Lieutenant, only 14% had the training outside Britain and most of these were in Commonwealth countries.[36] The Navy was established by Britain in 1956, and it continued to be equipped with British weapons. Britain continued to be responsible for the training of its personnel. It was only the Air Force, established with the aid of Germany in 1964, that was not British dominated.[37]

Luckhan statistically gives the sources from where Nigerian commissioned military personnel were trained from 1952-64.[38] Below is the table of analysis.

TABLE 3.6

SOURCES OF TRAINING OF NIGERIAN COMMISSIONED MILITARY PERSONNEL 1952 - 1964

Rank Level	BRITISH			NON - BRITISH			
	No. in Rank	Sandhurst 12 yrs in Percentage	Short Service Ex-Nco in Percentage	MONS Sec. Sch. Entry in %	Eaton Hall in %	Non - British but most C'wealth	Unknown
Col. & Above	7	29	71	-	-	-	-
Lt. Col.	14	50	43	-	7	-	-
Major	32	50	31	9	10	-	-
Captain	52	35	29	35	1	-	-
Lt.	58	24	29	53	-	14	-
Second Lt.	167	7	-	41	-	47	5

Source: Luckham, The Nigerian Military p.135

In the field of trade, the post-independence period was marked by cooperation with Britain. Between 1963 and 1968, Britain imported more than 40% of Nigeria's total products and she provided more than 30% of her imports.[39] Indeed, in Black Africa, Nigeria was Britain's greatest trading partner. A look at the table below confirms this:

TABLE 3.7

BRITISH EXPORTS TO BLACK AFRICA, 1965-67
(IN THOUSAND POUNDS)

Countries	1965	1966	1967
Nigeria	85,054	76,253	64,574
Other Countries	156,771	177,462	186,557
Total	241,825	253,715	251,131
Nigeria as % of Total N.B. Average 30%	35	30	25

Source: British National Export Council figures, June 1970.

Note: The exchange rate of Naira now per pound is about ₦37.60.

In investment capital, Britain remained prominent. Up to 1966, Britain committed about £56 million towards Nigeria's development fund.[40] In terms of net flow of private capital, Britain leads. Her share of total investment capital in Nigeria was estimated to be about £200 million and her share of this was substantial. Shell-BP, the largest oil consortium in Nigeria, was itself mostly British. In addition to this, Britain was importing about 10% of her total oil

consumption from Nigeria. Aside from economics, Nigeria in her cultural, political, religious, and educational life, made Britain the most important factor. We must not lose sight of the fact that the nature of decolonization influenced the pattern of Nigeria"s post-independence relation with Britain.

It is on the record that Nigeria after independence had an apparently stable international political relationship with the outside world as contrasted with serious instability at home. The country was moving from one crisis to another. This is evident in the 1962 and 1963 census controversy. Also, there was a serious political crisis in the West which started as an ideological as well as personality clash between party leaders. This called for national emergency imposed by the ruling federal NPC government. For six months, the region was ruled directly by the Federal Government.

The 1964 federal elections which came up between the United Progressive Grand Alliance (UPGA) and the Nigerian National Alliance (NNA) resulted in a fracas. This called for a federal "broadbased" government. When the Western election was held in October of that year, the ruling NNDP, the NPC"s ally in NNA, was reported to have won. UPGA then accused the NNA of "rigging" the election. Therefore, the election generated controversy and later led to large scale civil disturbance. For a period of almost three months, governmental activities were almost paralysed in the region as the people reacted to the NNDP's "victory" by acts of murder, looting, and burning of private and official property as well as other acts of lawlessness.[41] This prompted the military intervention. However, the coming of the military

into the political scene of the country degenerated into the civil war which started in May 1967 and ended in January, 1970. After the civil war, the military held on to the reins of power for many years, making policies which touched on different spheres in the social life of the people. Economic policies as an aspect in the governance was not left out.

3.5 ECONOMIC POLICIES UNDER THE MILITARY

Ironsi's regime did not last long enough to elaborate on its thoughts on Nigeria's development. However, enough was said to indicate how it intended directing the economy, a preference that was a reflection of its ideological predilection.[42] It was considered that Ironsi's regime subscribed to the same philosophy of development as its predecessor, the continued nurturing of capitalism.[43]

During Gowon's era, there was the same resolve to continue the process of capitalist development. This was, however, to go together with increased state intervention and participation in the economy and also of the strengthening of the indigenous commercial class. While these policies were to a large extent continuations of past policies, changes in Nigeria's political economy necessitated and created opportunities for the formulation and implementation of these policies. There were changes no doubt, because of oil revenue particularly after 1970. There was an increased sense of nationalism of the bureaucratic bourgeoisie as a result of the civil war. The numerical increase in the commercial class as a result of the proliferation of contractor and/or importer exporter businessmen, etc. The cumulative effect of the state of affairs after the war was the existence throughout the seventies of governments which were

relatively autonomous of external elites, an autonomy that was crucial for the pursuit of their policies. These policies were fully explained in the Second and Third National Development Plan 1970-74 and 1975-80 respectively, and in the promulgation of the Nigerian Enterprises Promotion Decree (Indigenisation Decree) in 1972.

According to the government, the aim of development planning in Nigeria was that economic growth should be accompanied by general development. The benefits of economic advancement should be distributed as widely as possible over the entire society. Government as the most important institution for ensuring the translation of growth into development through the provision of economic and social services, has at its disposal resources sufficient for achieving these goals for the society. The government looked at industry and mining as the fastest growing sectors of the economy and were therefore, likely to be important generators of resources for future development. It follows that government must play a leading role in these two sectors in order to harness the fruits of economic growth for the overall development of the Nigerian society. That government investment activity would no longer be limited to public corporations and "dying industries" in which no private company can thrive, while leaving virile expansive and profitable industries to private enterprise. The government, however, vowed to continue to welcome private investors in Nigeria as partners in progress led by the public sector.[44]

However, while the government was determined to play a dominant role in the economy through having both access to and control of the major national resources, and the essential and

growth sensitive sectors of the economy, it was careful to point out that this should be seen as restricting Nigeria's participation in the world capitalist system.[45] It said:

> Economic nationalism today does not imply the restriction of international trade. It is directed at the progressive elimination of foreign dominance in the national economy.[46]

The progressive elimination of foreign interests was deemed necessary because, according to the government.

> These interests cannot always be expected to coincide with those of the nation.[47]

Technical assistance was to be "major source of external input" in the plan while foreign capital was expected to play a major role. A minimum net capital inflow of over ₦300 million was envisaged, representing over 19% of the total estimated public expenditure programme. (see Table I).

While the government of the First Republic described its Development Plan objectives as those of making it possible for Nigeria to achieve a "take off point in development: as early as possible, and to make for a self-reliant and independent economy,[48] it never enshrined a commitment to social justice or social equity as was done in the 1970-1974 Plan. Principles of social equity were given a prominent place in the objectives of the plan which were enumerated as; the development of Nigeria into a united, strong and self-reliant nation, a great and dynamic

society, a land of bright and full opportunities for all its citizens and a free and democratic society."[49]

It was the policy of the government to expand state control of the "commanding heights of the economy." which was extended from commercial firms, to other sectors of the economy. It was, however, in the oil industry that the most important acts of state intervention in the economy took place. The significance of this intervention becomes better appreciated with the realization that it coincided with a period when the oil industry was becoming the most dynamic sector of the Nigerian economy, contributing heavily to government revenue. The promotion and protection of indigenous and domestic industries was central to the development strategy of the military. The Small Scale Industrial Scheme of the government was significant. While by the end of the Second Plan period only three Industrial Development Centres (IDCs) existed, the Third Plan made provision for nine more.

Fiscal incentives such as Approved Users Scheme for the importation of needed raw materials at relatively reduced duty rates, were further re-emphasized to facilitate the operation of the small scale industries and other domestic industries. More fiscal measures were enacted in the 1975, 1977, and 1978 budgets, specifically aimed at promoting and protecting domestic production. The extent of the success of these government measures can be seen in the fact that although by 1974 foreign business still contributed the largest amount of investment capital in Nigerian industries, this had dropped by 16.8% since 1972 being the start of concerted indigenisation policy, while private Nigerian contribution had increased by 8.8%.[50]

The military continued with the policy of the encouragement of Import Substitution industry, albeit with some modifications. In the first place, there seems to be an over-emphasis on the assembly of cars and trucks. There were at least seven car and truck assembly plants in the country. These were Fiat (Trucks), Leyland (Trucks), Steyr Daimler (Trucks/Tractors) and Nissan (trucks/cars). The diversity of foreign partners involved is worth noting. They include Italian, British, French, German, Austrian and Japanese concerns.[51] This tells the story of dominance and dependence. Nigerian interests predominated in the share-ownership in these plants. For instance, Nigerian interests held 60% of the shares in peugeot, 49% in volkswagen, 60% respectively in the Mercedez and Leyland plants.[52]

In each of the agreements establishing these plants, the foreign partner was required to initiate a process of "transfer of technology" to the Nigerian employees. It was further stipulated that these plants were to be locally incorporated and to manufacture all their required component parts in the country by 1991. Apart from the fact that these plants were in keeping with the tastes and needs of the elites, the Nigerian governments seemed overly optimistic about the readiness of external partners to "transfer technology" to them.

3.6 ECONOMIC POLICIES OF SHAGARI'S ADMINISTRATION 1979-1983

The Shagari government continued the institutionalization of the development strategy that has underlined Nigeria's development efforts since independence in line with the military. There was the same concern with private capital accumulation, the promotion of indigenous capitalist forces and continued dependence on external capital forces under the guise of partnership, all

geared towards the continued development of Nigeria along the capitalist path.

A look at two government document give the clearest picture of the Shagari government's thinking on development strategy. These are the Fourth National Development Plan 1980-1985 and "Nigeria's Industrial Strategy and Policy," which though published in 1980 provided the philosophical basis of government's development strategy up till the overthrow of the regime.

In the Fourth National Development Plan, the "basic strategy" of Nigeria's development under the plan period was said to be the utilization of resources generated from oil which was described as a waste. The strategy was said to be aiming at ensuring.

> an all - round expansion in the production capacity of the economy so as to lay a solid foundation for self-sustaining growth and development in the shortest time possible.[53]

Agriculture was the pivot of this basic strategy and was accorded the highest priority. The justification offered for this was that, since it would enable Nigeria to feed itself without massive importation of food, provided raw-materials for agro-based industries, hasten the development of rural areas and thus stem the tide of rural-urban migration, it could not but be an essential component of the strategy of self-reliance in line with the plan's objective.[54]

In the short-term, however, the plan's objectives were spelt out as follows:-

(a) Increase in real income of the average citizen

(b) Even distribution of income among individuals and socio-economic groups.

(c) Reduction in the level of unemployment and underemployment.

(d) Increase in the supply of skilled manpower

(e) Reduction of the dependence of the economy on a narrow range of economic activities.

(f) Balanced development both sectorally in the economy and geographically.

(g) Increased participation by citizens in the ownership and management of productive enterprises.

(h) Greater self-reliance

(i) Development of technology

(j) Increased productivity

(k) The promotion of a new national orientation conducive to greater discipline, better attitude and cleaner environment.[55]

Unlike in other Plans, there was a deliberate attempt to down play the role of external capitalist forces in the economy. their involvement as far as this plan was concerned was in the provision of finance. Thus, it was expected that foreign capital will contribute ₦8 billion projected capital expenditure. (See Table I).

Apart from the plan's provision, government functionaries seized every opportunity to emphasize that foreign capital was welcome. there was a review of indigenisation act to encourage inflow of foreign capital into the country. Unlike the Third Plan, the contribution expected from the private sector was quite modest. ₦10 billion was expected from the former.

but under this plan, ₦11 billion was expected. Like the Plan, the Industrial Strategy and Policy revolved round a commitment to the promotion of free private enterprise, and the encouragement of the inflow of foreign capital, all seen as necessary ingredients for the evolution of a self-reliant economy. While the welfare of every citizen was said to be prime concern, the driving forces as far as the national economy was concerned, was seen to be in the encouragement and nurturing of the private sector. Thus, it was stated that:

> The watch-word in national industrial planning and strategy is the full recognition of private enterprise and initiative...[50]

As seen earlier, the development efforts of the military revolved round the need to develop domestic indigenous capitalist forces. This was done through policies that extended state and indigenous participation in the economy. Although the Shagari government continued these policies, it took them a step further by focusing more on commercial and industrial interests which were export-oriented.

Apart from setting up of Export Promotion Council, a number of incentives were put forward in 1980. These incentive included the provision of preferential credit allocations by commercial banks, the establishment of re-discounting facilities for the export of manufactures and semi-manufactures, the setting up of an export development fund of ₦500,000 for direct grants and financial assistance to indigenous exporters to cover initial expense, the setting up of an export guarantee fund of ₦1 million and the setting up of an insurance scheme to provide

cover for export from the country. Industrial Free Zones which were to be developed into Industrial Estates to provide exclusively for exports were also to be set up.

As pointed out earlier, the government also continued the policy of the encouragement of domestic industry and commercial concerns. This can be seen in the continuing concern with the provision of incentives and infrastructural facilities and the continuing commitment to the Small Scale Industries Scheme.

With regard to incentives, previous policies had been retained with new additions. Thus, in addition to existing policies, such as those dealing with Pioneer Status, Approved Users Scheme, Accelerated Depreciation of Capital Investment, Customs (Drawback) Regulation, Dumped And Subsidized Goods Acts, the following new incentives were proposed as follows:

(1) Graduated Exercise Tax Reduction for local value-added whereby manufacturing industries will be entitled to exercise duty concessions depending on the local value-added they achieved in production.

(2) Concessions in excise duty payments to agro-based and food processing industries that are fully integrated and maximising the use of locally available materials.

(3) The deduction of expenses on Research and Development from taxes, on condition that evidence is produced to justify the purpose of the research and development vis-a-vis the normal operations of the industrial enterprise concerned.

(4) While up to 1979 a company was not allowed to distribute as dividend more than 50% of its after tax profits, in 1980 the percentage was raised to 60% or 25% of the company's paid-up share capital.

(5) Deposits for the importation of raw materials and spare parts were reduced from 25% to 10% and 15% respectively in early 1983.

The significance of these measures, particularly those that involved the relaxation of import controls, can be better appreciated if we bear in mind that these controls were instituted by Obasanjo regime in the face of falling oil prices and soaring imports.

However, one can better appreciate the state of the economy during Shagari's regime by being aware that, in 1979, Shagari's regime inherited a foreign exchange reserve position of ₦2.6 billion. This rose to ₦5.6 billion in 1980. By 1982, however, this had plummeted to as low as ₦1.1 billion, and this, in the face of rising debt.

We can say that the philosophy that has informed development policies in Nigeria since independence has been characterized by a desire for capitalist development on a general basis. Furthermore, it should be clear that given the ideological unity between the Nigerian and metropolitan bourgeoisie, euphemisms such as "international interdependence" and "partners in progress" are used to mask the underlying structure of dependence. While this serves the general interest of the bourgeoisie, fractional interests are also served simultaneously, as the bureaucratic bourgeoisie, who control the state power machinery use it to maintain their hegemony not only over other classes, but also over their budding commercial counterparts.

3.7 THE BABANGIDA ADMINISTRATION: ECONOMIC CRISIS, THE DEBT BURDEN AND THE STRUCTURAL ADJUSTMENT PROGRAMME (S.A.P.)

The Nigerian economic crisis stems from her having been integrated into the world capitalist system. We must also acknowledge the fact that the indigenous business class is central to the current crisis afflicting the Nigerian people. This class, having been promoted by the state during the decolonization period, was anxious, particularly after the civil war to realize its full potentials as a bourgeoisie class. With the integration, the entire production system is dominated by the developed states through the activities of their transnational corporations, in collaboration with the domestic comprador bourgeoisie. In fact, the activities of the compradors have helped to deepen the crisis.

We must see this from the fact of the philosophy of import substitution type of industrialization, the implication being that the level of value-added in production is often very low inspite of growth in manufacturing activities. Very few forward and backward linkages are established from this sort of set-up. There is then mass importation of raw materials using foreign exchange for this kind of industrialization. However, this at a time was sustained through oil revenue.[57]

Thus, from less than four dollars a barrel in 1973, the price of the country's light grade crude oil rose in the world market to about 42 dollars. Revenue accruing to the state rose from ₦4.733 billion in 1975 to ₦7.000 billion in 1977 and some ₦9.825 billion in 1981. Olukoshi has noted that it was precisely because of this oil revenue boom that Nigeria was shielded from

the effects of the world capitalist recession of the 1970s which the adverse consequences were refracted into most mainly non-oil exporting African countries.[58]

Even with the earnings from oil, the industrial, engineering and manufacturing base of the country still remain at the tertiary level. This explains the dependent nature of other sectors of the economy. for instance, the importation of manufactured goods increased by nearly 50% between 1976 and 1978/79 and nearly doubled again by 1981, that is, within two years when it was as much as 2.6 billion. The importation of machinery and transport equipment increased 121% between 1976 and 1981.[59] Again in capital equipment and raw material, capital imports increase by 15% between 1974 and 1979 and by 28% between 1978 and 1981. Raw materials imports increased by 110% and 100% respectively. By 1981 capital and raw materials which are necessary for the type of industrialization that was being pursued had reached a level of ₦5.7 billion.[60]

These expenditures led to borrowing which worsened the debt problem. Internal public debts also rose astronomically from ₦4.6 billion in 1979 to ₦22.2 billion in 1983. National output fell by 8.0% in 1983 and a further 5.5% in 1984. Inflation, put officially at 23% in 1983, rose to 40% in 1984. The country's external reserve was put at $8.50 billion at the end of May, 1981.

The manner in which the economy was managed in the Second Republic contributed to the crisis. One wouldn't imagine the budget permitting the President a security vote of 30% of

the budget of a state government a vote which he disbursed without having to account to anyone.[61] There was also the problem of increasing federal expenditure. While in 1979 the Federal Government budgeted for a surplus of ₦1.5 billion, it recorded a budget deficit of above ₦2.0 billion a year later. The same was for 1980 and in 1981 with a total revenue of ₦12 billion, federal government expenditure amounted to ₦14.2 billion. In 1982, it was a repeat performance at a higher level, and the deficits shot to ₦2.6 billion.[62]

Interestingly, most of the monies spent were on importation of food. Food bills from 1979 rose from ₦987 million to ₦1416 million by 1980 and moved to ₦2198.3 million. This was so despite the huge expenses on agriculture through the Green Revolution Programme.[63] Worst of all, the looting of the treasury had increased with the upward adjustment of contracts and payments for contracts not carried out, award of fictitious contracts. A Committee set up by Shagari revealed that cost of most contracts were deliberately inflated with the result that the cost of construction in Nigeria was about three times the cost of executing the same job in East and North Africa.[64]

The immediate manifestations of the crisis was the collapse of oil price which led to a decline in oil revenue from $10.8 billion by 1992. The economy experienced a resource gap of about ₦3 billion (6% of GDP) in 1981 compared to a resource surplus of ₦2.6 billion in 1980[65] as earlier shown. A poll conducted by the Manufacturers Association of Nigeria (MAN) showed that by 31st July 1983, a total of 101 companies had within the 12 months closed for a period between 7 and 12 weeks, involving a labour force of 20,000.[66]

3.8 THE DEBT BURDEN

One of the most complex issues in the study of Nigeria's economic crisis is the determination of the value of the country's debt. Since the crisis was officially acknowledged in 1982, no solid and reliable data has been established to confirm the total value of the debt. For instance, when the London Club of private financiers submitted claims totalling $8.8 billion to the federal government, Nigeria importers replied with counter claims of $6.4 billion.[67] The table below gives some rough estimates of the debt situation based on data compiled by the IMF, Central Bank of Nigeria and the Ministry of Finance.

TABLE 3.8

EXTERNAL PUBLIC DEBT (END OF PERIOD)
(₦ MILLION)

	1982	1983	1984***	1985
Total Commitments*	14741.5	17758.4	21384.5	21200.4
Total Drawings	10187.1	12845.0	16929.9	15917.7
(a) Conventional Loan	8205.4	10086.2	11486.2	12771.6
(b) Trade Arrears	1981.7	2758.8	5443.7	3619.6
Total Repayment	1367.7	2267.3	4083.2	4531.6
Total Outstanding of which	8819.4	10577.7	12846.7	11386.1
(a) Federal Government Debt Obligations	6801.0	8576.8	10945.8	12376.8
(i) I.C.M. Loans	4431.4	3907.0	3228.9**	8800.6
(ii) World Bank Loans	280.7	295.1	900.1	1271.9
(iii) Bilateral loans	107.2	91.3	180.0	723.0
(iv) Refinanced Trade Debt/Promissory Notes	-	1524.6	1193.1	1581.3
(v) Unrefinanced Trade Arrears	1981.7	2758.8	5443.7	3619.6
(b) State Government Debt Obligation	2018.4	200.9	1900.9	5104.0
(i) I.C.M. Loans	1043.0	1119.5	1131.5	3217.1
(ii) World Bank Loans	249.7	271.3	371.1	1143.6
(iii) Bilateral loans	56.0	88.0	85.7	289.27
(iv) Unguaranteed State Governments Loans	66.7	522.1	312.6	454.0

* Includes Trade Arrears
** Provisional
*** Includes import of capital goods financed by the World Bank.

Source: Central Bank of Nigeria, "Annual Report and Statement of Account, 31st December, 1984, Federal Ministry of Finance, Lagos. Cited from Nigerian Alternatives(ed) by Okello Oculi p.105.

TABLE 3.9

DEBT MANAGEMENT AND ECONOMIC PERFORMANCE IN NIGERIA (IN MILLION OF NAIRA)

	1980	1981	1982	1983	1984	1985
Debt Service			1126	2097	3540	5534
Amortization			477	1130	2292	3095
Interest			649	967	1248	2436
External Debt (year end)			13033	17781	18291	17499
Gross Reserves (year end)			1960	1346	1249	1056
Import Cover (Weeks)			6.00	5.72	6.34	6.00
Export Growth (%)						
Nominal			-26.9	-81.8	11.2	- 1.6
Real			-19.7	- 5.1	15.1	2.2
Import Growth (%)						
Nominal			-7.6	-28.0	-16.3	-10.7
Real			-3.8	-25.6	-14.6	-12.0
Debt Service/Exports (%)						
Amortization			8.7	19.9	30.3	48.1
			3.7	10.7	19.6	26.9
Interest			5.0	9.2	10.7	21.2
External Debt/GDP (%)			15.6	21.2	18.2	17.0
G.D.P Growth (%)						
Nominal			5.48	7.47	26.63	18.79
Real			-1.91	-6.37	- 0.56	-
Overall Balance of Payments			-64.18	-4752	- 295	- 394
GDP Real Growth Rate In						
Primary Production (Nm)	-3.91	-18.21	-10.26	-4.71	4.27	
Agriculture (In Millions of N)	4.93	- 5.77	-6.83	-5.24	1.90	
Mining	-10.11	-28.42	-14.67	-3.96	7.54	
Petroleum	-11.62	-31.64	-13.73	-2.59	8.54	

Source: IMF: Nigeria - Preliminary Observations of the 1984 Article IV Consultation Mission, February 1985. (Cited from Nigeria Alternatives (ed) by Okello Oculi) p.103.

At the end of October 1991, the outstanding external debt of Nigeria was U.S. $33.36 billion compared with $20.06 billion at the end of 1984.[68] This is largely due to debt servicing. Debt management has constituted a big problem for the Nigerian State and economy in recent years. Nigeria's external debt payment obligations have been estimated at about 55% of its total export earnings. By late 1990, the country was able to exceed its 30% debt servicing ratio promised to the London Club.[69] It is also on record that the amount required to fully service Nigeria's debts in 1992 is $5.563 billion.[70] Associated here is the issue of deficit financing. For instance, out of a budget of ₦38.8 billion in 1991, just during the first half of the year, a total of ₦33.610 billion was incurred giving a budget deficit of ₦19.502 billion. The high deficit was attributed to high debt service requirement.[71]

3.9 THE STRUCTURAL ADJUSTMENT PROGRAMME (S.A.P.)

When mention was made of the International Monetary Fund's (I.M.F.) loan by the Federal Government, the reaction by the Nigerian society was negative. Despite this, the government in the 1986 budget pushed the adjustment programme to its conclusion. The budget was unequivocal in its support for privatisation, removal of subsidies from petroleum, export promotions, an appropriate market level for the naira, cuts in salaries and a commitment to future liberalization.[72]

The core elements of the programme (SAP) include devaluation of the currency, price deregulation, removal of subsidies, a restructuring and the diversification of the productive base of the Nigerian economy, the promotion of a debt equity conversion programme, privatization, abolition of administrative controls and the introduction of a lightly liquidity squeeze.

To achieve this, decree No.25 of 1988 was promulgated to provide a legal base for the privatization and commercialization with the Technical Committee on Commercialization and Privatization of corporations. SAP, according to the government, was meant for carrying out a fundamental restructuring of the economy to bring forth economic gains to the people.

3.10 THE RESULTS OF S.A.P.

In terms of increase in productivity as envisaged by the programme, nothing has been achieved. The abolition of import licensing was supposed to bring relief to industrialists so that they can secure foreign exchange and freely import raw materials and spare parts. However, the cost under Second-tier Foreign Exchange Market (SFEM) and now Foreign Exchange Market (FEM) makes it high because of the performance of the naira against the pound sterling and the dollar. These make imports more expensive resulting in the high cost of locally manufactured goods.[73]

One major feature of S.A.P. is the establishment of a realistic exchange rate for naira through the Second-tier Foreign Exchange Market (SFEM). However, the reality is that this rate is unrealistic now.[74] At the third auction bid in the year, the naira slided below the exchange rate target of 1992 budget which it had previously levelled up with one closing at ₦9.5076 to the dollar, depicting a short of 0.70k from the ₦9.5 exchange rate projected in the budget.[75] It has further slided to ₦30 to one pound and ₦18 to one dollar.

The result of this has been a high inflationary trend. The rate of inflation which dropped from 7.5% in December, 1990 to 6.0% by the middle of 1991, picked up again to about 9.0% towards to end of 1991. Real wages have between 1986 and now declined drastically. The result of this has been the struggle to survive. The common citizens become desperate and some initiate forms of survivalist economic activities. This could be found in some retrenched workers becoming motor-cyclists. S.A.P. affects every sphere of living in the Nigerian society. It has caused increase in transport fares, medical charges, and educational levies, higher services charged but poor services from telecommunications, etc. This High cost but poor services in every social amenities is as a result of lack of spare parts for vehicles, supply of chemicals in water schemes, drugs in hospitals, books and other materials in educational institutions. Mention should also be made of food stuffs which are necessities to life. The common man now has to overstrain himself before he could secure one meal a day. This is because the prices of these essential food stuffs are no more readily affordable.

S.A.P. was also supposed to diversify the productive pattern of the economy. But, a look at the outcome of S.A.P. since 1988 shows a rather negative production in the non-oil sectors. Look at the table below.

TABLE 3.10

FEDERAL COLLATED REVENUE

SECTOR	1988	1989	1990	1991
Oil	10654.0	18676 (83.9%)	31797.7 (84.0%)	33680.3 (83.3%)
Non - Oil	2432.6	3575.4 (16.1%)	6074.5 (16.0%)	6750.9 (16.7%)
Total	13086.6	22251.5	37872.2	40431.2

Source: UBA Monthly Business And Economic Digest Vol.3 No.8 August 1990 P.2 and Vol.14 No.9 Sept., 1991 P.2.

The unproductive nature of SAP is reflected in the corresponding rise in the number of financial houses benefiting from the sale of foreign currencies. The number of newly registered commercial banks increased from seven to reach a total of sixty-five, while the number of merchant banks rose from four to fifty-two from January to June 1991.[76] In terms of assets, commercial banks' assets rose from ₦14.4 billion or 17.4% to ₦97.4 billion compared with increase of ₦12.3 billion or 17.5% for the preceding six months period of 1990. The total assets and liabilities of merchant banks as at June 1991 advanced from ₦5.7 billion to ₦343 billion or 19.9%.[77]

The implementation of the structural adjustment programme has had a very negative result. The worst is the generating of a composite unemployment rate from 3.7% in March 1990 to 9.1% by mid-1991. It is clear that the IMF -world backed measures are nothing, but capitalist and imperialist measures with the hope of maintaining domination on the developing nations. Efforts to ward off this domination through IMF by the developed countries has been one of the aspects of North-South Dialogue.

We must state categorically here that the effect of debt burden and that of the implementation of the structural adjustment programme (SAP) on Nigeria's economy cannot be measured. It has all along been catastrophic. The Northern countries which created the Breton Woods institutions and are operating them to suit their own whims benefit from them immensely while Nigeria groans under the weight of these institutional manipulations. This has been the more reason the Northern countries find it difficult to concede to the call for the reformation of these institutions.

3.11 NIGERIA IN THE INTERNATIONAL DIVISION OF LABOUR

At the international level of the division of labour, like every other Third World country, Nigeria is assigned a peripheral role. The process began when under an impulse from the centre, an export sector was created. This was to play a determining role in the creation and shaping of the market. The underlying reason which rendered possible the creation of this export sector must be sought in the conditions which make the establishment profitable. A keen look at the relationship between the North and the South (Centre - Periphery) shows, however, that there is no pressure for central national capital, to use Samir Amin's words, to emigrate as a result of insufficient possible outlets at the centre. This happens if only it can obtain a better return.

The equalization of the rate of profit will redistribute the surplus arising from the higher return and use the export of capital as a means to fight the trend of falling profit rate. The reason for creating an export sector, therefore, lies in obtaining from the periphery products which are the basic elements of constant capital - raw materials or variable capital like food products at production cost lower than those at the centre for similar products or obviously of substitutes in the case of specific products such as coffee or tea.

This is, therefore, the framework for the essential theory of unequal exchange. the products exported by the periphery are important to the extent that the return to labour will be less than what it is at the centre. It can be less to the extent that the society will, by every means, economic and non-economic be made subject to the provision of cheap labour to the

export sector. It should be added here that once a society is subjected to the new function of the provision of cheap labour, becoming in this sense dependent, it loses its traditional character since it is not the function of real traditional society the pre-capitalist to supply cheap labour for capitalism.

It could easily be seen, therefore, that under-development is a consequence of the technical processes and the international division of labour commanded by the few societies that espoused the Industrial Revolution of the 19th century. The emergent relations between these societies and the underdeveloped world involve forms of dependence that can hardly be overcome. Furtado says:

> The dependence was initially based on international division of labour in which the dominant centres reserved for themselves the economic activities that concentrated technological progress. In the following phase, the dependence was maintained by controlling the assimilation of new technological processes through the installation of productive activities within the dependent economies all under the control of groups, integrated into the dominant economies.[78]

The underdeveloped societies remain so because they were forcefully brought into the international economic system at a very immature stage and also because the dominant-dominated relationship continues. In his marathon speech at the Seventh Special Economic Session of the U.N. General Assembly in September 1975, Henry Kissinger said:

> Exports of primary products - raw materials and other commodities are crucial to the incomes of developing countries. These earnings can lift living standards above bare subsistence, generate profits to support the first steps of industrialization, and provide tax revenues for education, health, and other social programme for development.[79]

In other words, Kissinger wants underdeveloped countries to continue with their international role in the global economic system, that is, the production of raw materials for exports.

Underdeveloped primary-producer countries operate under constraints that are colossal and defeating in nature. Even when productivity has increased rather dramatically the situation has not changed in any appreciable way. The undeveloped world continue to increase production of these raw materials while their earnings from these increased exports have been decimated by falls in world prices.

Nigeria produces one product for export, that is, oil. From the 1960s when Nigeria gained independence and was dependent on agricultural production, the international trade transactions were very low. The tables below show Nigeria's exports and re-exports/imports by regional groupings from independence to the year 1989.

TABLE 3.11

NIGERIA: EXPORTS AND RE-EXPORTS BY REGIONAL GROUPINGS, 1960 - 1989 (N MILLION)

Year Quarter	Commonwealth Countries	Eastern Europe	Japan	United Kingdom	U.S.A.	West Africa or ECOWAS	Western Europe	Others	Total
1960	4.7	1.3	5.1	161.4	31.8	2.2	115.1	17.8	339.4
1961	4.1	1.2	6.7	153.1	38.2	3.0	116.5	23.8	347.3
1962	5.9	3.5	3.0	141.3	36.3	11.3	128.0	7.2	336.6
1963	7.9	2.9	4.8	148.4	34.8	13.0	160.9	3.0	376.6
1964	6.9	10.0	5.1	162.3	28.8	22.3	173.7	18.7	427.9
1965	6.8	16.8	6.3	203.5	53.2	10.8	218.1	16.7	532.4
1966	24.3	7.0	8.7	211.7	45.2	11.1	225.7	34.0	266.4
1967	21.0	14.3	12.4	144.3	38.0	7.2	232.6	13.5	483.2
1968	15.9	24.2	7.4	122.0	35.0	12.7	192.2	12.5	422.0
1969	19.3	22.7	6.2	173.6	80.3	9.3	279.6	45.0	639.0
1970	27.6	31.7	6.8	250.4	101.6	7.2	398.1	62.1	885.5
1971	29.8	44.4	17.6	278.8	223.5	26.8	592.6	79.8	1293.3
1972	28.7	25.5	55.2	301.0	299.6	29.8	606.7	87.8	1434.3
1973	74.5	32.9	104.1	424.8	549.7	23.9	827.3	240.2	2277.4
1974	126.1	105.8	238.0	978.1	1589.9	81.7	2010.8	664.3	5794.7
1975	64.8	86.4	172.3	694.3	1427.0	62.0	1648.2	769.7	4924.7
1976	35.0	14.2	191.1	814.3	2001.5	94.6	1834.9	714.4	5700.0
1977	760.9	18.4	7.7	615.5	3016.0	178.9	1689.5	1343.9	7630.8
1978	264.6	21.0	3.6	405.2	2667.1	155.2	2215.6	602.6	6324.9
1979	740.5	13.8	11.9	632.0	4579.2	174.3	3724.5	436.1	10318.3
1980	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
1981	872.6	198.8	160.2	135.8	3928.6	299.5	4235.3	1203.0	11033.8
1982	414.9	51.7	4.9	211.5	2983.2	230.4	3369.4	1930.4	9196.4
1983	133.9	47.4	5.9	319.8	1802.3	144.3	3232.6	2065.6	7751.8
1984	577.8	37.9	6.1	422.7	1212.9	300.0	6116.1	465.3	9138.8
1985	702.3	33.0	7.6	538.6	2116.3	387.9	7217.4	717.7	11720.8
1986	387.8	20.6	13.8	512.6	3163.3	345.7	4305.1	379.3	9128.2
1987	854.3	8.2	22.9	530.3	13897.8	1635.5	11851.8	777.3	29578.1
1988	937.6	60.6	37.3	591.0	10601.6	1319.3	12042.8	1667.3	29162.7
1989	508.1	60.9	133.7	1048.9	31984.9	3312.4	20612.0	2324.6	59985.5

Source: Various issues of.
(1) Annual Abstract of Statistics, Federal Office of Statistics
(2) Digest of Statistics, F.O.S.
(3) Review of International Trade, F.O.S.
(4) Economic & Financia Review, Central Bank of Nigeria (CBN).

TABLE 3.12

NIGERIA IMPORT - BY REGIONAL GROUPING,
1960 - 1989 (N MILLION)

Year Quarter	Commonwealth Countries	Eastern Europe	Japan	United Kingdom	U.S.A.	West Africa or ECOWAS	Western Europe	Others	Total
1960	25.3	8.7	55.6	182.8	23.2	1.3	110.8	18.2	425.9
1961	34.4	10.7	60.6	170.5	23.8	1.5	115.1	22.3	439.1
1962	28.8	12.1	49.7	147.6	30.0	.8	110.3	21.4	401.6
1963	25.0	14.0	53.9	141.7	15.8	1.2	117.5	21.3	410.5
1964	26.8	15.2	61.6	157.3	58.9	2.2	151.2	30.9	503.2
1965	31.6	15.8	52.2	170.1	66.2	2.0	173.5	30.2	540.6
1966	30.6	14.2	28.6	152.3	83.0	2.4	172.2	25.1	508.8
1967	24.8	16.7	37.5	129.2	55.7	2.5	144.4	32.5	443.3
1968	18.1	19.1	14.3	119.8	44.6	3.9	124.9	36.7	381.3
1969	23.1	19.1	16.9	172.7	58.6	2.8	150.4	47.9	493.5
1970	34.3	34.2	47.5	232.1	109.6	3.3	238.5	50.3	749.8
1971	52.3	43.7	89.7	344.1	151.4	3.1	334.7	56.2	1075.2
1972	45.8	25.6	98.3	292.0	102.6	2.8	360.6	62.5	990.2
1973	49.5	45.9	112.9	331.6	125.7	3.0	456.1	100.1	1224.8
1974	69.9	73.1	160.2	402.2	213.2	6.6	704.4	107.8	1737.4
1975	90.2	116.3	366.5	854.9	408.0	19.3	1624.9	241.4	3721.5
1976	130.8	89.8	493.1	1204.4	599.1	24.8	2284.6	307.4	5134.0
1977	196.1	184.7	756.6	1563.7	791.9	54.6	3139.8	406.3	7093.7
1978	284.1	181.5	871.5	1785.1	864.6	33.6	3664.1	452.3	8136.8
1979	210.0	130.6	669.6	1162.7	658.6	22.6	2827.2	483.9	6165.2
1980	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
1981	716.5	228.5	1684.3	2334.3	1346.6	36.5	5134.4	1118.0	12599.1
1982	489.4	335.7	1133.9	1877.1	1111.3	31.0	4290.2	811.5	10100.1
1983	293.5	308.6	613.9	1080	771.6	34.1	2752.6	701.3	6555.7
1984	236.8	165.6	363.0	829	567.4	57.5	1931.6	328.1	4484.5
1985	304.1	238.7	408.7	1098	741.7	29.3	2110.7	605.4	5536.9
1986	312.4	411.9	309.9	1075.0	712.0	47.6	2704.3	398.8	5971.9
1987	628.2	1000.0	1417.5	2641.3	1297.9	215.6	7068.4	1428.1	15696.9
1988	1236.8	936.8	1314.4	2793.5	1852.5	149.8	7714.1	2143.9	18141.8
1989	1195.1	585.3	1707.0	4095.3	3093.9	130.3	10424.6	3944.1	17633.7

Source: See Table 3.11

A careful observer would notice the great difference in dealings of Nigeria with the developed countries and others. There lies the dependence syndrome. From the 1970s when oil became the main stay in the nation's economy, it is obvious on the tables that the trade transactions became and is still high if not higher. However, the figures given as exports from Nigeria are mainly for mono and primary products, while the figures for imports from the developed countries of the West and America are for manufactures and are diversified. As stated before, Nigeria for now exports mainly oil and all other products relegated to the background. Little wonder, the country is vulnerable to any small international shock in the oil market because of its near total dependence on it, as opposed to the Northern countries which could lean on either of the commodities they export when the price is favourable.

Trade transactions, are generally, unfavourable to the primary producers. Once again, this has also promoted the call for a new world order which culminate in the North-South Dialogue.

3.12 NIGERIA AS A REPRESENTATIVE OF THE SOUTH

Poverty is often said to be a characteristic of the developing world - the South. And that the North-South driving line does to some extent reflect a rich versus poor distinction. However, the above assertion is a matter which must be approached with care. A typical southern country is underdeveloped and dependent with a flurry of economic, political and social problems. Nigeria is one of these countries. Her situation is such that her economy is characterized by low real income per capita, illiteracy, poverty, over population and diseases.

Since Nigeria is still trapped in its relationship with the North, she will find it difficult to climb out of her troubles, not until she can make a break from the old aristocratic order and the colonial and neo-colonial system. Aside from this, her underdevelopment and dependence shall persist. Charles Anderson notes:

> The condition of underdevelopment simply deepens the longer a country remains as a backward cog in the world capitalist system. The elite mass cleavage widens. Rural-urban inequalities increase. City slums grow. Unemployment increases. Illiteracy abounds. Agricultural production stagnates. Malnutrition spreads. Diseases debilitate millions. Birth rates remain high. Death rates begin to rise in some areas. Imported luxuries drain foreign exchange. Foreign debts and balance of payments deficits mount. Inflation runs rampant. Military spending for army and police repression increases. Foreign corporations drain huge amounts of raw materials and profits from the country. Such are some of the hall marks of an underdeveloped society. Economic growth in the underdeveloped society means unbalanced growth which neglects the most urgent social needs of the people while catering to the consumption whims of the national bourgeoisie and the tax and profit concerns of foreign investors.[80]

What Anderson has put forward is a true analysis of what could be found in Nigeria and other Southern countries. The World Bank categorized the world's countries. These are low income with less than $400 GNP per capita, lower-middle income which is below $1650, upper-middle income which is below $6000.[81]

A survey of the present Nigerian economy shows clearly that Nigeria is a poor country. The economy is in a very chaotic situation. That the citizens cannot afford even the basic

In the oil industry, companies like ELF, TOTAL, and Shell stand out. In 1984 ELF had a turnover of $302 million while TOTAL'S own turnover in the same year was $346 million. These corporations repatriate whatever profits accrue to them in these businesses to Europe. The outflow of the capital is also seen in dividends and interests, etc in addition to profits. In 1973 alone, the major companies in the oil industry declared the following dividends.

TABLE 3.13

DIVIDENDS DECLARED BY MAJOR OIL COMPANIES IN 1973

Companies	Dividend
Shell BP	₦614.1 Million
Gulf	₦38.0 Million
Mobil	₦25.7 Million
Total	₦677.8 Million

Source: O. Oni and B, Onimode, Economic Development of Nigeria, P.41

Most of these dividends as shown, together with those of the other foreign oil oligopolists were exported. In 1963, all the multinational oil companies had a total profit of ₦1910 million.[88]

The commercial sector of the Nigerian economy was the first to have been assaulted by imperialist finance capital during the early days of colonialism. Companies like UAC, CFAO, PZ and SCOA readily come to mind. Until 1970, this sector was only second to mining and

quarrying as the most important domain of foreign capital in Nigeria.[89] Under the propaganda of mutual benefits of free international trade and foreign investment by the participating countries, Britain slammed a total barrier against other imperialists and monopolised not only Nigeria's import-export trade but also internal wholesale distribution of her imports into the country. Various British trading firms such as the Royal Niger Company, the colonial forerunner of the present United African Company (UAC), John Holt, GB Ollivant, Kingsway, etc. established trading posts in Nigeria to initiate the earliest exposure of the country to the exploitative activities of multinational enterprises. Later, other imperialist countries like France, West Germany, Italy, and more recently, U.S.A. and Canada especially after independence in 1960, entered into the pillage.

Let us at this point look at the UAC as a company and its ramifications in this business of the pillage of Nigeria. The table below contains the UAC subsidiaries and associated companies, the year of incorporation of each of the subsidiaries, the authorized capitals and the issued capital. This alone would show a keen observer what Nigeria has suffered as a result of these companies' activities.

TABLE 3.14

UNITED AFRICA COMPANY (UAC) NIGERIA LTD
SUBSIDIARIES AND ASSOCIATED COMPANIES

Company	Year of Incorporation	Authorized Capital	Issued Capital
1. African Timber and Plywood (Nig.) Ltd.	1952	12,500,000	2,500,000
2. Niger Motors Ltd.	1931	2,000,000	2,000,000
3. Finets Ltd.	1935	300,000	300,000
4. G. Gottschalcks and Co. (WA) Ltd.	1937	700,000	700,000
5. U.A.C. Technical Ltd.	1947	600,000	600,000
6. G.B. Ollivant (Nig.) Ltd.	1954	15,000,000	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. Greenham Plant Hire (Nig.) Ltd.	1961	200,000	160,000
10. A.J. Seward (Nig.) Ltd.	1961	300,000	300,000
11. W.A. Cold Storage Co. of (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.	1965	200,000	90,000

Source: Daily Times (1974) 15 July P.9 Cited in Onimode, "Imperialism & Multinational Corporations " PP.10-11.

Taking CFAO, we note that 60% shares are held by Nigerians and 40% by the company. In 1984, it made a net profit of ₦15 million from a turnover of ₦302 million. Similarly, SCOA made a net profit of ₦11.4 million on a turnover of ₦390 million. SCOA was also designated as the company to handle counter-trade agreements in 1984-85.[90] Once again, let us pause and look at some of the exported profits of some of the other transnational enterprises for one of several years.

TABLE 3.15

EXPORTED PROFITS OF SOME MULTINATIONAL CORPORATIONS

Year	1 Company	2 Profit (₦m)	3 Dividend Rate %
Aug. 1970	The Nigerian Textile Mills Ltd.	2.2	38.4
Oct. 1971	Blackwood Hodge (Nig.) Ltd.	1.3	581
May 1972	Patterson Zochonics & Co. (Nig.) Ltd.	1.0	60
Dec. 1972	Nigerian Breweries Ltd.	7.6	110
Dec. 1972	Bata (Nig.) Ltd.	3.2	-
Dec. 1972	Berger Paints (Nig.) Ltd.	0.7	25
March 1973	Metal Box Co. (Nig.) Ltd.	1.0	12.5
March 1973	R.T. Briscoe (Nig.) Ltd.	2.2	260
April 1973	CFAO (Nig.) Ltd.	4.0	21
July 1973	UAC (Nig.) Ltd.	22.0	35

Note: For each company, the profit figure for the single year given here represents the profit trend for each several years of operation. Thus, for a decade, we simply multiply the figures in column 2 by 10 to get a rough idea of how Nigeria has lost in export of economic surplus through each company.

Source: See Bade Onimode, "Nigeria and Multinational Corporations," ROAPE 75.

In relation to the construction industry, mention could be made of companies like Dumez which in 1980 had a contract of ₦170 million to build Abuja Airport. At Ajaokuta Steel Industry, Dumez won a contract for ₦180 million, while Fougerolle, another outstanding construction company had one for almost ₦330 million. However, there are other ones like SGE company which won over ₦150 million in various road contracts from 1976 to 1978. A company like Julius Berger is virtually the king of Nigeria's construction industry. This company has had numerous road and other construction contracts and is currently involved in the direct steel reduction project. Strabag, another well known construction company built the ₦300 million Murtala Airport in Lagos.[91]

Post independence collusion of the privileged classes with imperialism has combined to secure Nigeria as a continuing veritable citadel of neocolonial domination and brutal exploitation by multinational corporations. In such key sectors as petroleum, manufacturing, banking and insurance, transport, construction and distribution, transnational enterprises still dominate capital investment, technology and management.

The disastrous impact of this stifling domination is the colossal appropriation of the country's national economic surplus which perpetuates the underdevelopment of the country and the widening gap between it and the imperialist sources of foreign monopoly capital. It is the collective consequence of the imperialist mechanisms of foreign investment, trade and aid fashioned by these multinationals that have manifested themselves in persistent mass poverty, debilitating disease, open starvation, abysmal ignorance, crippling inflation, dehumanising

unemployment, political instability and cultural degradation which define the essential social malaise of Nigeria.[92]

3.13 NIGERIA AND THE SOUTH-SOUTH COOPERATION

The idea of South-South cooperation came into being during the First Summit Conference of Non-Aligned Conference.[93] This came as a result of the underdevelopment of the Third World in all its ramifications. The Third World countries therefore asserted their sovereignty over their natural wealth and resources. With this came the call for a New International Economic Order (NIEO). This call was mainly to do away with the exploitative relations inherent in the North-South relations. NIEO is primarily concerned with the redistribution of world's wealth and economic opportunities, and lots more. Related, the concept of South-South cooperation envisages, using their collective political will as a leverage, contacts at the levels of financial flows, trade and sharing industrial and technological experiences, without importing the inequalities inherent in the North-South relations. The ideals of NIEO and the South-South cooperation seem noble, but the fear is whether there is any guarantee that the semi-peripheral countries will not grow at the expense of the peripheral countries.

Nigeria became independent in 1960 and has since, despite its internal contradictions been part of the movement for a New World Order. She has been in the forefront of the struggles for liberation in Southern Africa, she has identified with the quest for a New International Economic Order which envisages as its critical tools South-South cooperation and collective self-reliance. She is part of the movement for a new World Information Order of which Pan African

News Agency (PANA) is a product. OPEC, the African Development Bank, African Re-insurance Corporation, Association of African Central Banks, ECOWAS, and Chad River Basin Authority are among the institutions in which Nigeria cooperates with the South in order to abolish the inequalities of the prevailing world disorder.[94] Nigeria in pursuance of these ideals is also a member of the Group of 77, grouping Third World countries. At bilateral level, there is growing tendency to increase cooperation with the South in political, economic and security fields. Nigeria has also been in the forefront of negotiations at the International level for the NIEO. This is contained in the agenda of the North-South Dialogue.[95] It is perhaps within the West African sub-region that Nigeria's influence is better appreciated. Nigeria and Togo under Gowon and Eyadema initiated the diplomatic offensive that led to the signing of the ECOWAS Treaty that groups the countries of West African sub-region in 1975.[95]

But, to be earnest, South-South cooperation that does not conduce to national self-reliance and equitable distribution of gains among its participants is doomed to failure. It will not lead to NIEO. The objectives of South-South cooperation will by and large be hampered by lack of effective machinery for continued implementation and monitoring of South-South world policies within the framework of the O.A.U. and the absence of a permanent secretariat for the Group of 77 as well as the ambivalence of the Newly Industrializing Countries (NICS) which tend to see themselves more as belonging to the developed world.[96] Nigeria can perhaps play a more dynamic role in the African setting, thus increasing the capacity of the weakest link in South-South cooperation. Her achievements in ECOWAS remain marginal but can be enhanced.

If a semi-peripheral status like Nigeria, which in our view is what is sought from South-South cooperation, will lead to protection of dominant minority class interest, then it is unequivocally rejected. In the circumstance there will emerge a basic contradiction between national interest as we understand it and minority class interest masked as national interest. The former should, in our view, form the cornerstone of Nigeria's foreign policy.

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CHAPTER FOUR

NIGERIA AND THE NORTH-SOUTH DIALOGUE

We cannot carry out any appreciable discussions on the core element of this work - The North-South Dialogue without bringing to focus, three important aspects. These are the Nigeria's bilateral economic cooperations with some representative countries of the North, like the United States of America, Germany, France and Britain. The other aspects are Nigeria's role in the Commonwealth of Nations, and the linkage between the European Economic Community (EEC), and African, Caribbean, and Pacific countries (ACP). From here we will follow the discussion up to the point of the dialogue between the North and the South.

4.1 NIGERIA'S ECONOMIC COOPERATION WITH SOME COUNTRIES OF THE NORTH

Over 70% of the total value of Nigeria's external trade has usually been with the major advanced industrial countries of the Western World, particularly the United Kingdom, the United States, France, Western Germany and Japan. In addition external aid, external loans and foreign private investment have come overwhelmingly from these countries, international agencies supported by them and private companies operating within them. Let us briefly look at these relationships country by country.

4.1.1. NIGERIA-U.S. ECONOMIC RELATIONS

The scope of Nigeria-U.S. economic relations before 1960 was miniscule. Before the Second World War, Nigerian exports to the United States represented only about 6.9% of its

overall exports, while imports from the United States accounted for 8% of the total. On the eve of independence (1957-1958), the trend was actually on the decline, as Nigeria's exports to and imports from the United States fell to 6% and 5.5% respectively.[1] The picture was even less impressive with respect to capital aid, technical assistance and private investment. American presence in these areas was almost negligible.

The year 1961 was a landmark in the development of Nigeria-U.S. economic and political ties. On December 12, 1961, President John F. Kennedy pledged a long-term aid package of $225 million for Nigeria. The aid offer was in support of Nigeria's first independent National Development Plan (1962-1968). The economic purpose of this act had a particular significance. The implementation of the aid offer, which proceeded, how-beit, unevenly until the outbreak of the civil war, laid the foundation for the later expansion in Nigeria-U.S. economic relations.

4.1.2 NIGERIA-BRITISH ECONOMIC RELATIONS

Great Britain, as the ruling colonial power, dominated Nigeria's economic scene before and in the immediate post-independence period. In 1961, for instance, the British share of total foreign investment was 51%. The same country also accounted for, between 1960 and 1962, 75% of all capital aid received by Nigeria as well as 60% of foreign technical personnel serving in the country. In the sphere of merchandise trade, moreover, Britain was the source of 43.5% of Nigeria's total imports in 1958 while receiving 58.5% of its imports. In 1961, these percentages were respectively 38 and 45.[2] Despite the much vaunted diversification, Nigeria's relationship with the Great Britain is still very great even today as compared to those of other countries.

4.1.3 NIGERIA-GERMAN ECONOMIC RELATIONS

Economic relations between the people of Nigeria and West Germany date back to the nineteenth century and even much earlier. The rapid recovery of the West Germany economy in the 1950s from war devastation and the deliberate efforts on the part of Nigeria after independence to diversify her external economic relations and lessen the excessive orientation towards the United Kingdom, the former colonial power, have been important factors in the expansion of Nigeria - West German relations.

Nigeria's trade with the Federal Republic of Germany, and indeed with many of the other major developed industrial countries, is characterized by a kind of asymmetry. While the Federal Republic of Germany constitutes an important export market and source of imports for Nigeria, the latter is relatively insignificant in the external trade of the former. In 1985, for example, when the Federal Republic of Germany accounted for 7.4% and 11.7% of Nigeria's merchandise exports and imports respectively, the share of Nigeria in that country's exports and imports amounted to 0.4 and 1.4% respectively.[3] The Federal Republic of Germany is Nigeria's third most important source of important export market after the U.S., Italy, France and the Netherlands. On the other hand Nigeria's rank among the trade partners of the Federal Republic of Germany in 1985 was 16th as supplier and 41st as purchaser of goods and services.[4] Nigeria is Germany's most important trade partner in Africa, South of Sahara.

While trade still constitutes the core of Nigeria's economic relations with the Federal Republic of Germany, these relations have become more diversified over the years, especially

since 1960 when Nigeria attained independence. In the process, investment, aid, industrial and technological cooperation have acquired increased importance in the economic relations between the two countries.

4.1.4 FRANCO-NIGERIAN ECONOMIC RELATIONS

Nigeria and France are in different contexts two economic giants and partners not only located in different continents but also separated by many geo-political factors. Nigeria possesses some mineral resources with which France is not endowed and in which she is seriously interested. Economic relations between Nigeria and France involve a substantial amount of trade which constitutes the earlier and most dominant manifestation of such relation.

Although Franco-Nigerian trade is not based on any special agreement, there has nevertheless been progressive expansion and development since 1960, as can be seen from the presence of an increasing number of French companies in almost all the vital sectors of Nigeria's economy. As at now, France has become a leading trading partner of Nigeria in terms of investment. Before 1980, France used to be the third largest investor in Nigeria after Great Britain and the United States. Today, investment by French companies has surpassed that by companies from the United States. Presently, it is known that over 165 French firms are actively involved in business in Nigeria. In 1985, Nigeria imported French goods to the tune of 4944 million francs, while Nigeria exported goods (largely petroleum) worth 15,286 million FF.[5]

Nigeria and France can be said to be good economic partners in need of each other, but it is worth mentioning here that though the relationship is impressive on the surface, French involvement in Nigeria's industrial development is lop-sided. French companies are more interested in trade and the execution of lucrative government contracts than investment in meaningful industrial activities capable of enhancing Nigeria's overall industrial development.

4.2 NIGERIA IN THE COMMONWEALTH OF NATIONS

Nigeria's relations with the Commonwealth began immediately after the achievement of independence in 1960. The reason for this could be found in the British attitude and approach to colonial problems. It should be noted that the history of the Commonwealth dates back to the 1840s. It is seen as a voluntary association of members who, for historical reasons shared to some degree common culture, common educational and legal systems and a common lingua franca - the English language. Membership is not compulsory and so, any member could withdraw at will if she so desires.

Some people have argued that Nigeria should withdraw from the Commonwealth because, according to them, it is a neo-colonial organization. In any case, an objective assessment can show that Nigeria benefits from its membership. Politically, Nigeria shares common beliefs with that organization - the belief in international peace and order essential to the security and prosperity of mankind, and therefore support for United Nations and attempts at strengthening its influence for peace in the world. Its efforts to remove causes of war, belief in the liberty of individual, in equal rights for all citizens regardless of race, colour, creed or political belief and

in their inalienable right to participate by means of free and democratic political process in framing the society in which they live. Recognition of racial prejudice as a dangerous sickness threatening the development of the human race and racial discrimination as an unmitigated evil for the society. Opposition to all forms of colonial domination and racial oppression and commitment to the principles of human dignity and equality. Nigeria has the belief that the wide disparities in wealth now existing between different sections of mankind are too great to be tolerated. She further has the belief in international cooperation as essential to the removal of causes of war and the promotion of tolerance and opposition to injustice and support for secure development amongst the people of the world.

Besides, Nigeria has used Commonwealth in the pursuit of her foreign policy objectives. Through the Commonwealth, Nigeria is able to establish good relations with countries such as Canada, Australia, and New Zealand. From these countries, Nigeria benefits in scholarships, fellowships, aid and technical assistance as a result of its membership of the organization. The membership, for instance, provides a leverage, however limited, for Nigeria against Britain in Nigeria's quest to end apartheid and colonialism in South Africa. There are solid works of functional cooperation for development amongst Commonwealth countries from which Nigeria benefits tremendously. In the area of economic development, the Commonwealth Fund for Technical Cooperation holds a significant place. What the Commonwealth espouses in the field of international economic relations is completely identical with Nigeria's stand.

4.3 NORTH-SOUTH RELATIONS: THE EEC-ACP AFFAIR AS IT AFFECTS NIGERIA

The European Economic Community (EEC) had been in existence before Nigeria achieved independence. Before independence, economic interaction between Nigeria and the EEC countries were conducted via the approval of the United Kingdom. But the Francophone West African countries enjoyed from the inception of the Treaty of Rome discriminatory benefits arising from their association with the European Economic Community through a special dispensation from the provisions of the 1957 Treaty of Rome. Thus, they had opportunities of enlarged trade, grants, and aid. On independence, the relations assumed a new status which led to the creation of Yaounde Conventions I and II and which injected structured formalism and legality into their relations with the community, and laid the foundations for what became the focus of the Community and its external relations with a group of developing countries later to be known as the African, Caribbean and Pacific Countries (ACP).

The post-independence foundations of relations between Nigeria and the EEC, then consisting of only six member states, were laid during "exploratory talks" at ministerial level with the EEC Commission from 21st to the 29th of November, 1963 in Brussels. The Prime Minister Sir Abubakar Tafawa Balewa gave instructions to that effect.

The exploratory talks between Nigeria and the Commission of the EEC afforded both sides, particularly the Nigerian side, the opportunity to examine all the options open to Nigeria in her bid to associate with the EEC. The talks succeeded in identifying the principles and criteria that would form the basis of Nigeria's negotiations with the six, namely, a special

agreement which would extend the Community's free trade area facilities to Nigeria on the basis of reciprocity. The extent of this reciprocity was to be in itself a major issue for negotiation. The formal negotiations between Nigeria and the EEC took place in Brussels in July, 1964 and were conducted under Article 233 of the Treaty of Rome which states as follows:

> The Community may conclude with a third country, a Union of States or an international organization, agreement creating an association embodying reciprocal rights and obligations, joint actions and special procedures.[6]

The procedure for negotiations is under Article 223 of the Treaty of Rome. Earlier in April, 1963, Nigeria had in a "Declaration of Intent" which specified three alternative approaches open to third countries opted for the second formula, namely, to negotiate for an Association Agreement comprising reciprocal rights and obligations, notably in the field of trade. Three main areas covered in the negotiations were identified as Rights of Establishment, Services and Capital, Trade and Institutions. On July 8, 1965, the final phase of the negotiations between Nigeria and the EEC came to a success with the texts of agreement exchanged about a year later on June 14, 1966. The agreement establishing association between the EEC and the Republic of Nigeria, usually referred to as the Lagos Convention was signed in Lagos on July 16, 1966, but was meant to expire on May 31, 1969. However, the agreement was still-born due to the activities of France and Luxembourg. They refused to ratify the Lagos Convention.

The entry of Britain into the Community, however, brought a new dimension into the still-born relations between Nigeria and the EEC, with all Commonwealth countries of Africa,

the Caribbean and the Pacific seeking means of reshaping their destinies with the EEC. Regional meetings and discussions that ensued at this period culminated in a joint action with the Africa and Malagasy Group of countries (AASM) and the formation of the ACP with the signing of Georgetown Agreement in 1973. The agreement in the main established a joint negotiating front to argue their case and present their needs and economic priorities to the European Community. There were a series of negotiations in which Nigeria played a leading role.

These negotiations were in phases. The third phase of the negotiation was followed by a meeting of African Ministers of Trade in Dakar, Senegal from June 3rd to 6th, 1974 to assess the position of the negotiations in preparation for the joint Ministerial Council meeting between the EEC and ACP Ministers, scheduled for Kingston, Jamaica on July 25 and 26, 1974. The Kingston meeting was expected to settle all outstanding matters in the negotiation.

Although the Kingston Joint Ministerial meeting was the first attempt to carry out negotiations at ministerial level between the two sides, it was a successful experiment. Both sides had a sense of commitment for the success of the meeting which paved the way for the signing of the Agreement popularly known as the Convention od Lome between the two sides. The Convention was signed at Lome, capital of Togo on February 28, 1975. Nigeria ratified the Convention on March 21, 1975. The ratification of the Lome Convention by Nigeria was a manifestation of a second attempt by Nigeria to be associated with the EEC, this time within the Group of the ACP countries. The first association was of bilateral nature between Nigeria and the EEC under the Lagos Convention of 1966 which was still-born.

Some achievements recorded through negotiations were:

(1) The acceptance by the EEC of the importance of regional cooperation, and a commitment to assist ACP states to bring this about.

(2) In the area of financial cooperation, the EEC accepted to assist to fund regional and sub-regional projects.

(3) Establishment of a new Stabilization Scheme designed to assist developing countries to stabilize their export earnings. Although Nigeria did not hope to benefit from the new STABEX scheme because of her high oil income, she spearheaded the negotiations for the scheme in the interest of the other less fortunate members of the ACP group.

(4) The area of industrial cooperation opened up a new "option" for Nigeria to diversify her external relations, particularly when industrialization should have earnestly taken place in Nigeria.

It has since become clearer that it is in the areas of trade, industrial cooperation and finance that Nigeria stands to gain most from the Lome Convention. The successor arrangements that became Lome II justified the vision. In fact, Nigeria is one of the ten countries of the ACP where the operations of the European Investment Bank have been very frequent and most successful. The allocation of the European Development Fund (EDF) increased from 7 million ecus to 50 million ecus from Lome I to Lome II, and from sources close to the Federal Ministry of Planning, according to Akindele et al, the aid element of Nigeria's indicative performance for Lome III may surpass 140 million ecus aside from facilities

now made more abundant in the European Investment Bank.

4.4 TRADE RELATIONS BETWEEN NIGERIA AND THE EEC

It is significant to note that Nigeria constitutes the largest ACP market for the EEC in terms of both exports and imports. In 1977, for instance, the EEC's imports from ACP countries amounted to 1240 million European Unit of Account (EUA). In the same period, it was known that the EEC exports to the ACP countries amounted to 12504 million EUA. Almost 25% of EEC's total trade with the ACP countries was with Nigeria. Also in 1977, Nigeria took 36% of total EEC exports to all the ACP countries as against 27.9% of imports of the Community from the ACP group. The principal items of exports from Nigeria to Europe is Crude oil which constituted about 95% of Nigeria's total exports, other items included wheat, offals, cocoa, tin, rubber, cocoa seed, Coke and palm products. Import items from Europe to Nigeria included manufactured goods such as chemicals, machinery, transport equipment, food and other consumer goods. The table below shows that Nigeria, between 1975 and 1978, imported more from Europe than she exported to it.

TABLE 4.1

NIGERIA'S TRADE WITH NINE MEMBERS OF EEC
1972 - OCTOBER, 1978
(MILLIONS OF NAIRA)

Year	Exports	Imports	Balance of Trade
1972	1,087	533	+ 554
1973	1,254	649	$ 605
1974	3,217	965	$2252
1975	2,386	2,020	$ 366
1976	2,712	2,789	- 77
1977	2,919	3,867	- 948
Jan-Oct. 1978	2,296	3,364	-1068

Source: G.O. Olusanya and R.A. Akindele: Nigeria's External Relations: The First Twenty-Five Year - p.104.

The undermentioned four reasons can be accounted for the imbalance in trade relations between Nigeria and the EEC.

(1) The increasing pace of Nigeria's industrial development, including construction of roads and bridges leading to more and more imports from the European Community.

(2) The dwindling exchange rate of the U.S. dollar in which payment for Nigeria's exports of crude petroleum is made.

(3) The results of some measures from the Federal Government in restricting the exportation from Nigeria of former traditional export items like groundnuts,

cotton, palm products, rubber and logs.

(4) The less dependence of the United Kingdom on Nigeria's crude petroleum with the discovery of the North Sea Oil. The U.K. was once one of the principal buyers of Nigerian crude petroleum.

Latest official figures, according to Akindele, et al, covering 1981 only show exports to Nigeria as having increased by 24.4% and attained ₦12 billion, but Nigerian exports decreased by 25.6% and dropped to ₦10.47 billion. Nigeria's trade imbalance was to the tune of ₦1.54 billion. Imports from the EEC to Nigeria were ₦7.11 billion, representing 59.6% of total imports. Imports from the EEC was seen to have increased by 26.8% over the 1980 imports, while exports to the EEC decreased by 24%. Out of all these, oil represents 96.2% of Nigeria's exports to the E.E.C.[7]

It is pertinent to know that the largest E.E.C. exporters to Nigeria were as follows:

United Kingdom	₦2.63 billion
Germany	₦1.89 billion
France	₦ .85 billion
Italy	₦ .80 billion

However, the following countries were the largest E.E.C. importers from Nigeria:

The Netherlands	₦1.39 billion
France	₦1.11 billion

Germany ₦ .73 billion

Nigeria had a ₦3.27 billion naira trade deficit with the E.E.C. countries. However, forecasts for 1982, as Akindele, et al put it, were that in the first six months imports to Nigeria continued to increase, but were on the decrease after the austerity measures taken by the government in April became effective. Exports in 1982 have been estimated at ₦12.3 billion.

Nigeria's approach to her relations with the European Economic Community so far could be seen basically as economic, in spite of ample provisions in the Lome Convention for political manoeuvres during the sessions of the Council of Ministers and the Consultative Assembly. In the light of existing institutions in the Lome Convention and considering the pronouncements some eminent theorists on integration, particularly on the functional approach to this concept and the continual membership expansion from 6 to 10 and 10 to 12 totally encompassing entire Europe, the time has come for a change of attitude towards the Community that now seeks a political Union of Europe. It is not only the attitude, but a new approach that should be a mix of politics and economics.

Throughout this work, it has been that whatever the relationship between the North and the South, be it political or economic, it has been asymmetrical. This has created dissatisfaction in the part of the South. Little wonder they have agitated and called for a new world order culminating in the concept of the North-South Dialogue.

4.5 NIGERIA AND THE NORTH-SOUTH DIALOGUE

The dawn of the 1970s was viewed by the Third World with a certain sense of hope. This will be the decade, they felt, that will usher in a new era in relations between the rich and the poor nations. The old forms of economic and political dependency would fade away, a new age of equality of opportunity would ensure. Emboldened by this belief in the righteousness of their cause, and in the inevitability of historical forces, the Third World gathered together under the formal banner of a New International Economic Order and initiated the North-South Dialogue.[8]

Yet, as the years pass this dream lies partly in dust. The formal North-South Dialogue is at an impasse. The rich nations are caught up in their own economic crises of inflation, recessions, and unemployment, and are in no mood to accommodate the demands of the poor nations. The Third World is feeling disillusioned and bitter, with a growing sense of betrayal. The relations between developed and developing nations, whether political or economic have reached all-time low.

This chapter is an attempt to look into the reasons for the Third World's betrayed expectations, what has led to this deepening gloom, what can be done to turn the present crisis into future hope and to address the central issues in the North-south debate.

Nigeria is one of the Southern countries. This is informed by the fact that she is one of those countries which emerged from the shackles of colonialism. Since after independence, she

has tried to identify with other counterparts of hers from the South. She has, as we noticed earlier in the preceding chapter been part of the movement for a New World Order. She has been at the forefront of the struggles for the economic, political and otherwise liberation of the Southern peoples. This is obvious in her leadership role in the African countries' efforts to see that the blacks in South Africa are extricated from modern day colonialism. Most essentially, she has identified with the quest for a New International Economic Order which envisages as its critical tools South-South Cooperation and collective self-reliance, and which also is the main focus of this chapter. This, she has done by belonging to all the Southern groupings working towards the welfare of the Southern countries and their peoples, in the form of Non-Aligned Movement, Group of 77, Organization of African Unity, ECOWAS, and OPEC to cite a few. This work, therefore, believes Nigeria implicitly is part and parcel of the Southern forces seeking a reformed international system.

4.6 NORTH-SOUTH RELATIONS - WHY THE DIALOGUE?

It is worth noting that the formal ending of political imperialism has not been accompanied by any systematic effort to remodel the colonial economy. Imperial control concentrates power, and since the imperial powers were the industrial pioneers, it is hardly surprising that, at the end of the World War II, the overwhelming bulk of the world's wealth, trade and skills still lay with the small amount of the population living in the industrialized states.[9] With a very negligible population of little more than 25% of world total, the developed nations' proportion in wealth, trade, investment, industry remained above 80%. The rich nations were, in any case richer.[10]

In the developing countries, the weight of over a billion impoverished citizens lay, if I may borrow Haq's phrase, "in the bottom of the pyramid," and their numbers increased most rapidly. Above all, the fundamentally dependent relationship between North and South seemed to be changing not at all. Southern exports were still largely confined to raw materials. They tended to decline in value compared with manufactured imports, and much of the value added flowed off to the North. It is known that in 1974, the developing nations received $30 billion for the export of their 12 major raw materials, (excluding oil), but by the time the goods derived from these materials were sold to the final consumers, they cost $200 billion. The bulk of the difference amounting to $170 billion, flowed off to the North.[11] However, the developing countries have tried to industrialize but the pattern is controlled by multinational corporations with headquarters in North America, Europe or Japan.

As independence was achieved by many countries in the 1950s and 1960s, the contrast between the appearance of political sovereignty and the fact of economic dependence became inevitably more felt and resented. By the early 1970s, the main points of controversy were well established.

(a) The Third World's relative lack of control over its own resources.

(b) The higher returns secured for Northern Manufactured exports compared with Southern primary products.

(c) Multinational investment patterns too often bringing capital intensive technology into low-wage, labour intensive Southern Communities.

(d) An element of protection inhibiting a range of potential Third World exports.

(e) Rising Third World debt.

(f) The steady drain of payments for patents and services of all kinds.

(g) And, all the while, a comparative fall in the flow of concessionary finance from the rich lands to the post-colonial states.[12]

Viewing the above points critically, the poor states agitated. The grievances increasingly stimulated Southern counter-proposals in the United Nations. Through their bargaining partnership, the Group of 77, that is, the "trade Union" of the poor, the Southern states sought acknowledged control over their own resources, with the right of nationalization to secure it. A new search for technologies appropriate to labour - rich economies. Higher export earnings for primary products, possibly by indexing their prices to those of imported manufactures or by financing buffer stocks of essential but unstable commodities through a special fund. A reconsideration in depth of Third World debt. An increase in Third World industry in the next two decades from 7-25% of the world total. And, a "global compact" to guarantee a steadier flow of resources from rich to poor, partly at least on an automatic basis, thus introducing the concept of taxation into the world system.[13]

The above agitation instead saw the consolidation of the dominant position of the West in a World economic system especially propitious to it. But this maintenance of the primacy of Western countries in the world economy during the post-war era was not secured automatically. It was greatly assisted by a massive programme of western economic cooperation directed initially to the economic recovery and reconstruction of Western Europe. The Bretton Woods

systems and the institutions supporting it, such as the World Bank, the I.M.F., the GATT, the IBRD, were important elements in this process of consolidation and cooperation on the economic front. The centrally planned economies, having abstained at Bretton Woods opted for non-participation, during the early post-war period, in the institutions that Bretton Woods established, leaving Western supremacy within them essentially unchallenged.[14] Meanwhile, the new power of the transnational corporations helped to maintain Western levers of control which decolonialization tended to weaken.

The overall result was that, while the world's political system was undergoing massive structural change through decolonization, the world's economic system was being restored and strengthened on the old premises of dominion. But, more important still, Western economic strength was being consolidated on a firm base of functional cooperation among European states and between Europe, North America, and industrialized countries of the Pacific. the E.E.C., E.F.T.A., O.E.C.D., the Nordic Council, and the Trilateral Commission were all, in their different ways manifestations of this process of economic integration, cooperation, and coordination.[15] Political alliances like NATO, served to strengthen the process. In North-South terms, the postwar era saw the release of over 100 fragmented nation states, most of them new, into the mainstream of world political and economic life. it saw also the drawing together, in varying degrees of intimacy, of the older communities of Europe, North America, and Pacific. And it saw as well, the drawing together of most of the centrally planned economies within the framework of COMECON and the Warsaw Pact.[16]

By 1970, the process of formal decolonization was almost complete, aside from a few states in Southern Africa. Also, by this time, the global economic system of the postwar era had begun to come under pressure. United States moved away from controvertibility. This acknowledged the erosion of the Bretton Woods arrangements. Pressures were rising for the democratizing of the Bank and the Fund, and for them to play effective role in development. Imperfections in the free market system were manifest, and manifestly inimical to the interests of developing countries. Recognition of the Transnational Corporations as instruments of external domination was producing tensions between North and South of major proportions.

Northern collaboration remained intact, and even grew stronger over the years. And increasingly they found expression, sometimes on the basis of an enlarged internationalism, not only in relations within the North, but also in relations between North and South. The Development Assistant Committee of OECD, the unified approaches led the enlarged E.E.C. to conclude the Lome Convention and, more recently, the Northern Economic Summit which at least, in part, are concerned with development issues were all by-products of Northern Unity at the policy level and Northern Organization in terms of relations with the Third World.[17] It is, therefore, clear in the analysis that it is a North essentially unified and, above all, a North effectively organized to maximize its areas of unity and to optimize its strength in facing any challenges.

In the South, particularly in the 1950s and the 1960s, the new states were pre-occupied with making a reality of their new political freedom. Determined not to become pawns in a

East/West power struggle, they sought security in non-alignment. The Non-aligned Movement provided a collective front behind which they could resist becoming participants in, and victims of, the cold war. Almost by definition, it was a defensive Union. Its essential role was the development of a will to resist hegemony from East and West alike, and to sustain solidarity in doing so. Its contribution was in being even more than in doing. It was in the vanguard of the movement for economic cooperation among developing countries (ECDC) and, as it became clearer that self-determination did not imply an end to economic dependency, non-alignment became more concerned with global economic issues, including collective self-reliance. The Action Programme for Economic Cooperation between Non-Aligned and other Developing countries, formulated at the Georgetown Ministerial Meeting in 1972 and elaborated and endorsed at the Algiers' Summit the following year, provided a framework for action.[18]

The awakening of the South to its political and economic potential, the inappropriateness of military solutions to North-South issues, made the traditional measures of international power relations to deteriorate. The structural characteristics of the postwar world changed, and the diplomatic practices of a power-oriented world found wanting, in North-South relations.[19] For a long time, the evolution of Third World politics was gradual, conservative and largely unrewarding, owing equally to the disarray of the Third World and the successful resistance of the industrial states.

However, despite major declarations of solidarity at Bandung in Indonesia in 1955, Cairo in Egypt in 1962 and the first three meetings of the United Nations Conference on Trade and

Development in 1964, 1968, and 1972, new inspiration came to the Third World movement only in 1973 when political and economic events converged.[20] At a Summit Conference of Non-Aligned Governments in Algiers, a concerted effort was launched to bring to fruition the economic agenda of the UNCTAD and a specific programme of action for developing a New International Economic Order, was launched.[21] Later in the year, renewed warfare between Israel and its Arab adversaries resulted in an oil embargo upon the Western supporters of Israel, dramatizing for the first time the potential economic and political powers of the third World. With the control of world oil prices by OPEC, particularly by its Arab members, the Third World was able to force its economic agenda upon the United Nations, in the specific form of the Sixth Special Session of the General Assembly, which formally launched the New International Economic Order. the industrialized nations, however, tried to wrest back the initiative.

It was at UNCTAD meeting in 1979 that the Southern countries specifically requested to restructure their international debts, to stabilize fluctuating world prices in a number of commodities which they export and to reduce tariff barriers among the industrial states.[22] Already, the 1973 petroleum crisis brought about changes in the structural capacity to deal with North-South issues.

Nevertheless, it is broadly recognized that the 1973-75 phase of the Third World's evolution as a political force was typified by two dramatic changes. These are the formulation of a unified position on international economic issues with respect to the industrial countries.

Also, the determination to transform this united position and the perceived collective economic power of the Third World countries into an instrument of political pressure for the implementation of a New International Economic Order. The Third World's political evolution succeeded for the first time in politicizing the development issues.[23]

The reaction of the industrialized states to this new development was one of resistance. All major North-South efforts at negotiation failed in good measure because of the United States' unwillingness as the leader of the Northern countries to engage in a dialogue which the South could perceive as constructive. In part, it reflects an enduring belief that the North should determine the modalities of the dialogue because, as they put it, "we still retain the expertise to devise technocratic solutions to a set of economic problems which are, in fact, eminently political."[24] But the oil embargo which quadrupled oil prices and a disastrous Russian harvest helped to triple the price of grain in a single year. Here came the atmosphere of urgency that began to surround the talks. The reason was straight-forward, the North suddenly found its power diminished. Its essential oil supplies were no longer under its comfortable control. Grain shortages sent prices up three hundred percent for rich and poor alike. And even though the southern countries were as profoundly affected, for instance, India's import of oil and petroleum products went up to a quarter of its import bill, they held together in the Group of 77 and intensified their efforts in negotiations with the now slightly more flexible rich.[25] So, at the 1975 U.N. Special Session, the United State tactically responded to southern proposals in Henry Kissinger's speech. This speech is often characterized as "the move from confrontation to negotiation." It was this speech that gave birth to North-South Dialogue.

The Seventh Special Session of the United Nations General Assembly, the first phase of the North-South Dialogue, concluded in a carefully negotiated agenda for action, principally addressing the problems of international trade, and transfer of resources and technology. Since UNCTAD is the principal forum of the Third World, the responsibility fell to UNCTAD to transform that compromise into an agenda for economic action. As its first step, UNCTAD prepared a summary statement on "Trade and Development Issues in the Context of a New International Economic Order", from which we can here summarize the content of the North-South Dialogue as follows:

I. An Economic Security System for Developing Countries.

(a) Integrated Programme for Commodities - Commodity market stabilization for the primary exports of the developing states.

(b) Improved Compensatory Financing Facilities - adaptation of the International Monetary Fund or establishing a substitute Organization to supervise stabilization agreements and provide compensatory export short falls due to international market instability.

(c) Debt Relief - improved mechanisms of channeling capital to the Third World and for reducing the indebtedness which hinders development.

II. Changing The Structure of International Economic Relations.

(a) Reducing the economic dependence of the developing countries - expansion of trade on manufactures, strengthening the technological base of the Third World,

and establishing a marketing and distribution system for primary commodities.

(b) Strengthening Trade and Economic Cooperation Among Developing Countries - reorientation of development strategy to one of collective self-reliance rather than dependence on the developed states, including thorough development of new international machinery.

(c) Global Management of Resources - including the establishment of new rules of international trade, reform of the international monetary system and the development of strategies for the rational use of resources.[26]

Kissinger's speech and most American public statements since 1975 have suggested both a desire and a willingness to respond constructively to Southern proposals. Yet, no response which could be so perceived by the South has ever been forthcoming. It is glaringly seen that initially inflated rhetorical promises of constructive responses were eventually coupled with actions that were quite the opposite, and the result is a wide spread Southern perception that the much - heralded Northern rhetorical switch from confrontation to negotiation has represented nothing but diplomatic dissembling.[27] Of all the issues presently souring North-South relations, none is more debilitating than the present conflict over the linked issues of equity and structural reform. Southern perception of global inequities are substantiated, for example, by differences in aggregate per capita incomes on the order of ten to one, the fact that 90% of the worlds manufactured goods are produced in the North and the overwhelming voting power held by the North in such important international institutions as the GATT and the IMF. The South's perception is of various forms of inequality among states, and their call for remedial

international structural reform follows logically from that perception. However, Northerners vigorously led by the United States, focus not on interstate but on interpersonal measures of inequality, arguing for domestic development strategies within the South that aim to eliminate the absolute poverty problem through the "basic human needs" policy mix, and dismiss with varying degrees of diplomatic tact the issue of structural reform.[28] This attitude of the North has brought about disillusionment on the part of the South, and has created tensions in the relation which boils down to stalemate in the negotiation. The South is all out to see to the restructuring of power, whether political, economic, financial, or intellectual. Also, to break the age-old patterns of economic and political dependency of the poor nations on the goodwill of the rich nations.

4.7 NORTH-SOUTH DIALOGUE, WHAT IS THE FUTURE?

Ever since Third World formally launched a dialogue with the rich nations, what have been the concrete results?

Judged by any number of criteria, the world order appears to be even less responsive to the needs of the developing countries than it was before. The traditional links between rich and poor nations show little improvements. Official Development Assistance (ODA) has failed to increase even as fast as the GNP of the OECD nations, declining from 0.35% in 1970 to 0.32% in 1980. Assistance from OPEC members while still generous by comparison with OECD in terms of GNP share, has been declining from the peak it reached in 1977. Despite limited debt relief of about $5 billion that low income countries were able to negotiate, the total debt of

developing countries increased from $113 billion in 1970 to $230 billion in 1977. In the trade field, there has been an increase in protectionism in the industrialized nations. It is possible though highly conjectural at this stage, that the recently concluded Multilateral trade, negotiations (M.T.N.) may arrest this protectionist trend, but these but these negotiations have left untouched quantitative restrictions and quotas which are of primary concern to developing countries.[29]

Most of the effort in the North-South negotiations was consumed by discussions on a Common Fund to stabilize the price of the primary exports of the developing countries. The proposal for a common fund started with a grand concept of correcting the current imbalances in the commodity markets through active intervention, supported by an initial capital of $6 billion. It has ended up as a pale shadow of the original idea. The outlook for development as seen has worsened ever since. the balance of payment adjustment problem of the developing countries has assumed frightening dimensions. If we add up the over all balance sheet, it would appear that the collective march of the Third World under the banner of NIEO has been less than spectacular. The outlook for accelerated growth of the developing countries is, at best, uncertain and, at worst, pessimistic. The North-South negotiations have deteriorated to a ritual and a skillful exercise in non-dialogue, and the pace of events has been moving against, not for, the South.

The present position of things as regards the negotiation is attributable to the fact that both North and South have made major mistakes in their conceptions of, and negotiations for,

On the other hand, the mistakes of the South, significantly as they were, were more than matched by the North. the North assumed that the NIEO was essentially a demand of the Third World, and as such, no concern of its own. It adopted a strategy of filibuster in the UN negotiating forums, finding numerous problems for every solution that the South offered, rather than trying to explore honestly a number of policy options for each problem. the leaders from the North have been preoccupied with the immediate problems of recession, inflation and unemployment. They have rarely been able to lift their heads to place these problems into a long-term perspective. It was felt that solutions to the short-term economic difficulties could be found without the cooperation of the South. Even when the North recognized the pressure for long-term structural change, there was a natural temptation to delay adjustment.[33]

In many ways, both North and South have failed to understand the imperatives of the growing interdependence of mankind. The North tried to sell the old relationships of dependency to the South under the newly-dusted slogan of interdependence.[34] Unfortunately it did not recognize the practical implications of its own growing dependence on the South. The South bargained for greater equality without paying sufficient attention to Northern interests or to the cost of sudden adjustment. The result has been a stalemated dialogue.

Despite the stalemate in the negotiation, to give up totally for now will be a totally defeatist strategy. Hopefully, both sides have learned some lessons from the experience and mistakes of the past. These should be drawn upon in making a new attempt to revive the North-South Dialogue. A fresh approach can be made by examining the premises of the old global

order in several specific fields like energy, food, monetary system, resource transfers, trade, economic development, technology, multinationals, and international institutions. The basic strategy should be to let the analysis itself lead to the final solution, rather than to start with any preconceived proposals.

A productive way of making a fresh start on the North-South Dialogue would be to take up concrete areas of the global economic order, to examine critically the premises on which they were built in the past, and to negotiate new premises wherever the old assumptions have been eroded with the passage of time or new assumptions are required to serve the mutual interests of all nations. such an approach would take the present dialogue away from empty rhetoric, costly filibuster, and skillfully engineered stalemate to more practical and constructive channels.

If this basic approach is accepted, it can be extended to all other areas of global economic concern, whether future patterns of international trade, codes for transfer of technology, environment for operation of multinationals, or management and control of international financial institutions. There is an obvious link between all these fields, but the negotiations cannot be conducted simultaneously in all areas nor can the new rules be designed in one giant step. Once it has been recognized that reconstruction of a new global order is a joint responsibility of all nations, appropriate forums can be established for concrete negotiation. The initial step is to agree on the basic approach.

However, the situation in the past years has persuaded some observers that no serious discussion between North and South may be possible in future. This, in any case, may be true.

But, it is possible that only a real international economic or political crisis will convince all sides to rush to the negotiating table, as has happened so often in human history.

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CHAPTER FIVE

CONCLUSION

5.0 SUMMARY AND RECOMMENDATIONS

5.1 SUMMARY

This work is a review of the relationships of countries in the international World system since the Second World War. From the introduction we have seen how the world got divided into two - the haves, otherwise known as the North, comprising those developed countries of Britain, France, Canada, New Zealand, the North America and Japan. These are predominantly western countries belonging to an organization known as the Organization for Economic Cooperation and Development (O.E.C.D.) meant to cater for the welfare of these countries. On the other hand, there are the "have nots", otherwise known as the "South". They comprise countries which were formerly colonized, found mainly in Africa, Latin America, the Caribbean and South Pacific. Some of these countries are Burkina Faso, India, Chad, Bangladesh, Pakistan, Sri Lanka and Jamaica etc.

The introductory chapter contains the view on how most of the populations of the world were colonized and exploited by a minority group of the Western world for many years. It is in this chapter that we have the briefest possible definitions of the two most important concepts of the North and the South in this work.

The succeeding chapter takes on the question of imbalance as it affects international trade. Here, the two most prominent concepts - the centre, relating to the developed world, and

the periphery, which has to do with developing world are focused on and analysed. The Centre - periphery system of relationship is treated in such a way as to show how it affects the North-South question.

Following is the treatment of how the concept "Nigeria" came into existence. Flora Shaw, we are told, suggested the name. In addition, we focus on Nigeria's part in the relation amongst the Southern countries in their efforts to understand themselves so as to find a way to struggle and ward off the present oppressive condition they have found themselves in the international system. Given South-South cooperation, Nigeria is reputed as being at the forefront. She is as far as this work is concerned a representative of the Southern countries.

Chapter four has been the treatment of the concept of "North-South Dialogue", which happens to be the core concept of this work. In handling this aspect in the work, we have tried to reveal the sudden awareness of the Southern countries of their standing in the international system, and their reactions to it. Chapter five concludes the work.

5.2 RECOMMENDATIONS

After that brief reflections on the entire work, we are obliged at this point to recommend that:

1. So long as it is glaring that the nature of the relationship between the North and the South is such which is very unfavourable to the South, the way out is not dependence on the North to play the "Father Christmas" to the South. If this continues, the present underdevelopment shall continue indefinitely. The South should know that whatever help the North renders to the South is never free no matter how they disguise it. The way out of the present economic dilemma is not to ask for aid, loan or gifts from the North given the conditions they always attach to them. The Southern salvation lies in their taking their own destiny in their own hands instead of abandoning themselves to their own fate. They should do this by taking over the control of their economic activities from the hands of the foreigners. However, this should be gradual and by way of indigenization and greater government participation. If this is done, we believe it will aid in increasing the foreign exchange earnings of the Southern countries.

2. The Third World countries must come together to form a solidarity, both political and economic. This no doubt could be interpreted to mean that the South-South cooperation which is presently alive should be energized. The South should press for debt relief as a way out of debt burden. there should be emphasis on regional cooperation like ECOWAS in the South.

3. It is for the South to decide its own fate given the present shift of interest of the North to the former Eastern Europe to the detriment of Southern countries. Away from this, there should be elimination of those things that work against the power of the Third World, like the proliferation of monetary zones and artificial exchange rates. Also, trade among the Third World countries should be strengthened and made attractive so that members of the South-South cooperation may not be lured to look outward when there are those things which may benefit them within the South.

4. The Southern countries should learn to be proud of what other Southern countries offer economically, industrially and otherwise. the South should not fail to recognize the primary role in early economic life which agriculture plays. They should know that without food there is nothing, not even life itself. There should be land reform because no country in recent times has flourished under an economic and political regimes of great landlords or even small ones. One other thing is to make education a universal thing, as one could see how developed lands strongly emphasized this in their emergent years. In these developing lands, nothing was deemed so important as compulsory schooling for all.

5. One cannot help but recognize the importance of the role of the state, but this must be kept within the limits of the scarce resource in the poor lands, that is, the supply of honest and effective administrative talents. The South should know that central to the role of the state is a firm fiscal context. Therefore, no-one should be allowed to escape payment of taxes. the Southern States should minimise the role of the military by putting

it under strict civilian control. This is informed by the fact that military expenditure and the consequent claim on the scarce resources in the poor countries is the greatest and cruellest scandal of our time.

6. The devastating effect of international or internal conflict between or within the countries of the South is another matter. Nothing so ensures poverty leading on to starvation and death. Tolerance and peace must be a prime goal in all of the South. Nothing also should be so emphasized.

7. The rich countries (the North) should as a matter of fact have a role to play. this, emphatically, should be the writing down and writing off of debt unwisely incurred in the past. In addition, there should be a continuing flow of help (without strings) from the international agencies and directly from the rich countries, instead of the Southern countries using their economically depressing share of the external earnings for debt servicing. this is an elementary manifestation of civilized values.

It is our profound opinion that while the south is trying to reorder its economic house, it should insist on a New International Economic Order. It should stop asking the North for reparations. Rather, it should insist on rectifying situations in which Southerners double the production of their raw materials without any tangible gains from so doing. We have witnessed the fact that for now, the Northerners look at the South as avaricious. This is because the South is always asking for one thing or the other from the North. Whatever is the opinion of the North about the South, the North should not lose sight of the fact that the multinational

corporations have always made the Third World countries to feel very uncomfortable. They should also regcognize that commodity prices have been subject to unwarranted fluctuations to the developing world. they should also be aware that the international trade and finance in general have worked more often than not in favour of the rich and against the poor countries in the South. We must also add here that once the rich nations condescend to look at the present conflict in this perspective, they will appreciate the need for revamping the international economic system. Nobody says the South should dump the North totally or vice versa. We are calling for understanding and cooperation between the two worlds.

In conclusion, we are calling on the south to press for dialogue for international economic reform. The South could devise means like using other regional groupings outside Non-Aligned Movement and the Group of 77 to see how far they could work in helping to bring about understanding between the North and the South. Those in the Latin American countries, for example, could make good use of the Economic Commission for Latin America in improving their role in the international economy and for future North-South Dialogue for a better international system for all. Those in South East Asia could use ASEAN for same purpose too. For those in Africa, fora like ECOWAS, African Economic Commission (AEC) if well manipulated could be good for enhancing North-South understanding and improve Africa's role in the international economic affairs through their meetings and discussions with other Southern countries outside Africa. they could formulate other new strategies in tackling future - North-South Dialogue. Individual countries belonging to either ECOWAS or any other regional grouping in the South could use their opportunity of having bilateral meetings with Northern

countries to chip in the North-South issue in their discussions. This in actual fact could go a long way in blending the future North-South negotiations. Once again, ECOWAS or AEC could take upon itself to convene a meeting of either the Group of 77 or Non-Aligned Movement in order to create a forum for South-South discussions over the North-South conflict and how to come off it without international crisis which might not be to the best interest of both parties. Other regional groupings outside Africa can do likewise. The South should make all efforts to see that the North understand the reason for their wanting the international order reformed. that, away from selfishness, the South are asking for a dialogue in order to usher in a new era of cooperation between the two worlds for implementation of a new international economic order which shall be for the benefit of both parties. In fact, the dialogue, aside from having come to impasse, could have also been, as the Southern countries perceive, an interlude between two different eras of international politics. The first is characterized by dependence of the South upon the North, the second is marked by relentless economic warfare as the advanced industrial civilizations try desperately to obtain the primary products upon which their well-being depends. We must state categorically here that human beings have been wrong to divide the world, in their minds, into rich and poor countries and to let themselves believe that the normal pattern in the world is for the rich to get richer, the poor to get poorer. As a matter of both history and contemporary scene, the opposite has generally been true. The North and South, we must note, have equal interest in a world economy that promotes and encourages growth rates in both regions which would require the North and the South to cooperate intimately over some years to come to assume that the resource problems of the world economy are effectively dealt with.

There is, therefore, a much stronger case today for evolving areas of agreement between the North and the South. What, however, is not clear is whether the governments in the developed countries, deeply influenced as they are by the pressure groups and party interests, and those in the developing countries, controlled by ruling elites dedicated to build up their own power and wealth and using the abolition of poverty merely as rhetoric to capture seats of power, will be able to listen to the voice of reason raised by some of the leading intellectuals in the North as well as the South who, naturally, have a far more clear vision of where the world is heading to. But, no matter where the world is heading to, the people of the world will never allow poverty and wealth to exist side by side indefinitely. They shall seek and shall obtain economic independence. Nothing can prevent it. However, it depends upon urgently necessary transformation of the world's economic structure, upon the conscience of the countries, whether the progress and liberation of the vast underdeveloped world will be able to choose the path of cooperation, based on solidarity, justice, and respect for human rights, or whether, on the contrary they will be forced to take the path of conflict, violence and pains, precisely in order to apply the principles of the United Nations Charter.

Whatever the present North-South conflict shall come to, or wherever the world is heading to, is a matter presently beyond human comprehension. Only time and history will tell.

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