

University of Warwick institutional repository: <http://go.warwick.ac.uk/wrap>

A Thesis Submitted for the Degree of PhD at the University of Warwick

<http://go.warwick.ac.uk/wrap/34591>

This thesis is made available online and is protected by original copyright.

Please scroll down to view the document itself.

Please refer to the repository record for this item for information to help you to cite it. Our policy information is available from the repository home page.

THE NIGERIAN ENTERPRISES PROMOTION DECREES
(1972 AND 1977) AND INDIGENISATION IN
NIGERIA

by

Ismaila Mohammed

A thesis submitted to the University of Warwick
in fulfilment of the degree of Ph.D.

Department of Politics

October 1985

TABLE OF CONTENTS

	<u>Page</u>
<u>Acknowledgement</u>	1
<u>Abstract</u>	iii
<u>Abbreviations</u>	iv
<u>Introduction: Nigerian Enterprises Promotion Decrees and Indigenisation in Nigeria</u>	1
Sources of Data for the Study and the Survey of Opinion in Nigeria	17
A note on terminology	25
Notes and References	26
<u>Chapter 1: Historical Background</u>	28
(i) The period of Colonial Rule 1900-1960	31
(ii) Nigerianisation of the Civil Service	40
(iii) The Marketing Boards	48
(iv) The Post-colonial Period under Civil Rule 1960-1966	57
(v) Industrialisation and Nigerianisation of the Private Sector	58
(vi) The Nationalisation Debate	66
(vii) The Military Era 1966-1969	71
Notes and References	79
<u>Chapter 2: The Oil Economy and Indigenisation</u>	84
(i) Nationalisation of the Petroleum Industry	85
(ii) The Oil Revenue	93

(iii) Public Finance and Post-war Development Plans	98
(iv) The Changing International Trade of Nigeria and its Benefits	103
(v) The National Economy and Foreign Policy	106
Notes and References	114
<u>Chapter 3: The Aims and Objectives of The Nigerian Enterprises</u>	
<u>Promotion Decrees 1972 and 1977</u>	117
(i) The Official Account of the Nigerian Enterprises Promotion Decrees	117
(ii) Uncertainty of State Participation	122
(iii) Foreign Investment	124
(iv) Profit Remittance	126
(v) Industrial Development	130
(vi) The NEPD 1972	132
(vii) Amendments to the 1972 NEPD and the Nigerian Enterprises Promotion Decree 1977	135
Notes and References	143
<u>Chapter 4: Machinery and Implementation</u>	146
(i) The Nigerian Enterprises Promotion Board	147
(ii) The Nigerian Enterprises Promotion Committees	157
(iii) The Nigerian Enterprises Promotion Committee, Borno State	159
(iv) Compliance	164
Notes and References	175

<u>Chapter 5: Beneficiaries and Shares</u>	179
(i) Beneficiaries	179
(ii) Sources of Finance	198
(iii) Management: Training and Control	203
(iv) Citizenship and Naturalisation	208
Notes and References	214
<u>Chapter 6: Indigenisation and Labour</u>	220
(i) Early Involvement of Workers in the Movement for Indigenisation	222
(ii) The Labour Force	225
(iii) The Udoji Awards	229
(iv) Mandatory Ten Percent Participation for Employees	232
(v) Industrial Relations	241
(vi) The National Provident Fund	246
(vii) The View from The Nigerian Labour Congress	249
Notes and References	255
<u>Chapter 7: Industrial Performance since NEPD Implementation</u>	258
(i) Method of Assessing Performance	260
(ii) The Service Sector	264
(iii) The Manufacturing Sector	269
(iv) Recent Trends in Indigenisation	278

Notes and References	293
<u>Chapter 8: The State and the Development of Indigenous Industrial Capitalism</u>	297
(i) Private Indigenous Industrial Capital and State Assistance	298
(ii) Direct State Investment in Industrialisation	305
(iii) The Alliance between Foreign and Private Indigenous Capital	308
(iv) Fractions of Capital	313
(v) The Manufacturers' Association of Nigeria	318
(vi) Manufacturers and Distributors	323
Notes and References	327
<u>Conclusion</u>	333
<u>Appendix A: Nigerian Enterprises Promotion Decree 1972</u>	343
<u>Appendix B: Nigerian Enterprises Promotion Decree 1977</u>	354
<u>Appendix C: Questionnaire I</u>	369
<u>Appendix D: Questionnaire II</u>	371
<u>Appendix E: Table of Sources of Nigerian Imports 1948-74</u>	373
<u>Appendix F: The National Provident Fund: Savings Statistics 1973-5</u>	374
<u>Appendix G: Nigeria 1960-1985: Brief Chronology of Events</u>	375
Bibliography	379

ACKNOWLEDGEMENT

I wish to acknowledge the following persons for their assistance. I am indebted to Dr. Peter Burnell, my supervisor at the Department of Politics, Warwick University, and I also wish to thank Dr. Ian Campbell for reading and commenting on chapters 2 and 4. I am grateful to Professor Robin Cohen of the Sociology Department for reading chapters 3 and 7; Professor Keith Cowling of the Economics Department for reading chapters 1, 2, 3, 7 and 8, and Dr. Jill Cottrell of the Law Department for reading chapters 2 and 3. During his stay as a student at Warwick General Y. Gowon lent me his time in lengthy and useful discussions.

Outside the University of Warwick, there are many others who have rendered assistance to me in many ways. Mr. Douglas Rimmer of the Centre for West African Studies, Birmingham University, read chapters 4 and 5, and gave me introductions to people in Nigeria. Dr. H. Clive, also of Birmingham, read chapter 8 and made useful comments.

Dr. A. Akinsanya of the Political Science Department, University of Lagos, Nigeria, kindly agreed to xerox some of his private papers for me, and I also wish to thank Mr. Arabia of the Sociology Department and Professor O. Fajana of the Economics Department, and in addition Dr. Y. Barongo of Bayero University, Kano.

Outside the academic community, I must register my sincere gratitude to Alhaji A. Fika, the Permanent Secretary, Federal Ministry of Trade, Mallam Bello K.K. Mohammed, the Secretary of the Nigerian Enterprises Promotion Committee, Kano and his staff, Dr. C.P. Ezeife, Permanent Secretary (Chairman) Nigerian Enterprises Promotinn Board, Lagos, Alhaji A. Ciroma (President) and Alhaji M. Dangiwa (General Secretary) of the Nigerian Labour Congress, Alhaji M.M. Abubakar, Chief Commercial Officer, Alhaji K.B. Kyari, Mallam B.Z. Malilima

and Mallam Musa Dawa, all of the Borno State Ministry of Trade, Industry and Cooperatives, the Secretary and President of the Borno State Chamber of Commerce, Mallam Y. Usman, Acting Executive Secretary of Kaduna Chamber of Commerce, Industry and Agriculture, and Mr. U. Okeke, Mr. Abah and Mr. Rasheed Adegbeho, all of Manufacturers Association of Nigeria, Mr. F.O. Ovesotu, Assistant Director of Research, Central Bank of Nigeria, Lagos, Mr. N.C. Oputa (Assistant Economist) Research Department of the Central Bank of Nigeria, Lagos, and Mallam L. Sani Stores of The Nigerian Stock Exchange, Kaduna. . . .
Last but not least I thank Mrs. Linda Rose for typing this thesis.

Any unforeseen errors in this work remain the author's responsibility alone.

ABSTRACT

The thesis is a comprehensive examination of the Nigerian Enterprises Promotion Decrees of 1972 and 1977, and more broadly of the process of indigenisation in Nigeria.

A brief introduction to the historical background of indigenisation before 1970 is followed by an account of the timing of the Decrees in the context of the oil boom in the country's economy. An examination of the problems encountered in implementing the Decrees and their effects, and an analysis of the distribution of benefits, is informed by empirical research including interviews, carried out by the author in Nigeria between 1982 and 1985.

The record shows that indigenisation has led to the consolidation of an economy which accommodates the interests of ex-State personnel, the State as an institution, private indigenous businessmen and foreign capital, in an order which is far from certain to bring about the national economic independence which, in official terms, is the chief objective.

Nigeria's commitment to capitalism and the promotion of indigenous private enterprise, on the basis of resources generated initially by the agricultural economy, between the 1940s and 1960s, and then much more spectacularly and more significantly by oil revenues in the 1970s, provides an instructive example of the limits to what a post-colonial society in black Africa can achieve by trying to indigenise the ownership structure of its economy.

ABBREVIATIONS

AAPN	- Association of Advertising Practitioners in Nigeria
ANAN	- Association of National Accountants of Nigeria
BAC	- Business Advisory Committee
CBN	- Central Bank of Nigeria
CFAO	- Compagnie Francaise de l'Afrique Occidentale
COREN	- Council of Registered Engineers of Nigeria
CORMACON	- Council of Registered Management Consultants of Nigeria
ECOWAS	- Economic Community of West African States
EEC	- European Economic Community
GDP	- Gross Domestic Product
IDDCC	- Industrial Development Coordination Committee
IMC	- Institute of Management Consultants
IMF	- International Monetary Fund
MAN	- Manufacturers' Association of Nigeria
MNC	- Multinational Corporation
NBCI	- Nigerian Bank for Commerce and Industry
NCBWA	- National Congress of British West Africa
NCNC	- National Council of Nigeria and the Cameroons
NEPB	- Nigerian Enterprises Promotion Board
NEPC	- Nigerian Enterprises Promotion Committees
NEPD	- Nigerian Enterprises Promotion Decree
NEPU	- Northern Elements Progressive Union
NIDB	- Nigerian Industrial Development Bank
NLC	- Nigerian Labour Congress
NLDB	- Nigerian Local Development Board
NNDP	- Nigerian National Democratic Party
NNOC	- Nigerian National Oil Corporation
NNPC	- Nigerian National Petroleum Corporation
NPC	- Northern Peoples' Congress

NPF - National Provident Fund
NPN - National Party of Nigeria
NPP - Nigerian Peoples' Party
NSE - Nigerian Society of Engineers
NSTDA - National Science and Technology Development Agency
NTUC - Nigerian Trade Union Congress
NYM - Nigerian Youth Movement
OAU - Organisation of African Unity
OPEC - Organisation of Petroleum Exporting Countries
SCOA - Societe Commerciale de l'Ouest Africain
TNC - Transnational Corporation
UAC - United African Company
WAPCB - West African Produce Control Board

INTRODUCTION

Nigerian Enterprises Promotion Decrees and Indigenisation in Nigeria

The immediate post-colonial economic scene in Africa was characterised by technological limitations, capital shortages, lack of expertise and a paucity of skilled manpower. It was against this background that indigenisation of the economies of newly independent African countries³ began in the late 1960s and early 1970s. Not surprisingly, the indigenisation efforts have been constrained in various ways. The severity of the constraints has varied from country to country; but the officially stated objectives of indigenisation are, at first sight, virtually the same in nearly all the post-colonial states. Even in Tanzania, a country that practises a variant of socialism sometimes dubbed "African Socialism", the officially expressed view is that although ideological differences between countries may affect the method adopted, they do not necessarily change the general objective of securing greater national economic control.¹

Hence the emphasis seems everywhere to be on wrenching control of the economy from foreign hands, and in Tanzania's case, socialisation of the economy as well. But although the basic aim of economic independence is the same to all socialist and non-socialist post-colonial states, there are variations in approach and in the scope and depth of attempted indigenisation. Apart from important considerations of ideology, these variations are due to differences in: financial position, manpower availability, indigenous private sector capabilities to take over foreign enterprises, the volume of internal and external pressures for and against indigenisation, and the responsiveness of the government.

Some of the methods adopted for increasing the opportunities for the indigenous private sector rely heavily on restrictive

legislation for aliens - for example, work permits, licensing, Decrees Acts, or a combination of these. In Kenya for example, the Trade Licensing Act (1967) and the Transport Licensing Board serve the purpose of controlling foreign investment in commerce and service industries whilst at the same time expanding the indigenous business sector.

Nigeria's experience of indigenisation is unique. This is because of the country's relatively superior financial position compared with that of many other African countries, especially in the period after 1973. The choice of Nigeria in this study, as a model of an indigenising economy, is premised on the belief that Nigeria has been better placed than many countries in Africa to undertake the task of indigenisation, by virtue of the financial resources generated by the 1970s oil boom.

Moreover, indigenisation also provides a strong key to our understanding of the genesis of modern indigenous industrial capitalism. No comprehensive study of Nigeria's political economy could be complete without an adequate examination of indigenisation and the working of the Nigerian Enterprises Promotion Decrees (NEPDs). The prominence of indigenisation is reflected both in numerous official statements and in references in the literature on Nigerian politics and economy, as well as statements which originate in the country's business sector. This study is an attempt to demonstrate further, that indigenisation policy has been pivotal in Nigeria's efforts to create indigenous capitalism.

From an historical perspective, African businessmen have been retarded by many factors even after the end of colonial rule. In contrast to Nigeria, state policies in some other African countries such as Ghana during the time of its first leader after independence, Dr. Nkrumah, were not officially supposed to nurture private indigenous capitalists. At the same time in Nigeria, the government of Prime

Minister Tafawa Balewa was trying to foster and encourage Nigerian businessmen. Even further back, in the colonial period, governments in Nigeria subscribed to a policy of "passivity". This meant that major areas of the economy should be left entirely to private enterprise. However, it was foreign investors who took chief advantage of the policy and invested in manufacturing, commodity processing and mineral extraction, and in consequence they became dominant in the Nigerian economy. As foreign investment increased in Nigeria, there was a corresponding and steady increase in nationalist economic militancy, in particular after 1960. Official records before and after the Civil War (1967-1970) indicate a rising trend in government thinking about the possibility of indigenisation.

Foreign investors were, of course, aware of the government's growing intentions, and they also knew roughly the particular types of enterprise which were most likely to be targeted, and the extent to which they as individuals would be affected. Nevertheless when the government launched the first indigenisation Decree in 1972, foreign investors were relieved to see that it shied away from outright nationalisation. The huge volume of businesses to be taken over did, however, necessitate that the country's state governments and their agencies acquire shares, as will be shown later. The private indigenous sector simply could not have coped single-handed with the volume of equity shares.

By and large, foreign investors who had a long history of association with the Nigerian economy could not withdraw suddenly, and had no wish to terminate what would still be a viable business connection. After all, the requirements of the NEPD were not all that extreme. Therefore they adopted a wait-and-see attitude, and played along with the first NEPD after it was finally launched, in 1972, and the second Decree in 1977. The prospects for some foreign

investors remained attractive. For example in 1982 British Leyland was quite eager to invest the minimal sum of £4.8 million for its permitted 40% equity shares in a project of £60 million, particularly in view of the fact that in return for that stake, the company forecast it would be able to sell £32 million in kits from the United Kingdom in 1980, and even more after that.²

The contrast in features between Nigeria and some other African countries serves to justify the choice of Nigeria as a model for studying indigenisation and its impact on the development of capitalism in Africa under the most favourable conditions. First we shall look at the contrast between Nigeria and Ghana.

In 1968 Ghana faced falling prospects for cocoa, its main source of income, and adopted an indigenisation policy, "more for economic survival than by any calculated move either to achieve economic independence or to assume command of the economy."³ Hence this case, unlike that of Nigeria, cannot provide an adequate model or a suitable example of a country ideally placed to achieve the indigenisation of its economy. If Nigeria cannot achieve the development of a viable and more self-reliant economy within the framework of an indigenous capitalism, then it seems unlikely that many other black African countries pursuing the same path, would be more successful.

In Nigeria, the state's oil revenues provided the greatest spur to indigenisation, whereas in Ghana the financial cost of indigenisation had to be met largely out of private savings.⁴ In the Ivory Coast, where indigenisation has been a more modest policy, financial institutions have been effective in mobilising local savings as well as foreign loans for indigenous investment: "Between 1960 and 1970 an average of some 80% of gross domestic investment was financed from national savings, and 15 to 20 percent from foreign aid."⁵

The extent and importance of private saving mobilisation in

Nigeria is in comparison much lower because of the amount of state capital involved. For instance, of the ₦122 million spent under the 1972 NEPD, private savings and funds from private savings institutions accounted for only ₦14 million (see chapter 5).

Nonetheless in spite of the involvement of the state, successive Nigerian governments consistently rejected large scale nationalisation, and pursued a gradualist approach, partly because of the damage which it is feared might be caused to the economy by adopting radical measures, and partly because of the overriding capitalistic inclinations of Nigeria's social, economic and political elites. The same can equally well be said of post-Nkrumah governments in Ghana; and there have been some similarities in machinery and in implementation of indigenisation in the two countries.

Nigeria also contrasts with the socialist economies such as Guinea under President Sekou Toure, Algeria, Egypt and even Tanzania, where the role of public sector is far larger. In Tanzania, President Nyerere has claimed that: "Under existing conditions 'periphery capitalism' simply cannot result in an indigenised, self-reliant economy: only Tanzanians are sufficiently interested to develop Tanzania in the interest of Tanzanians . . ." ⁶ Nyerere of course, holds strong egalitarian sentiments, and finds central aspects of capitalist development anathema.

One emphasis in the official Tanzanian approach is that "development of a country is brought about by people, not by money." ⁷ However in Nigeria, indigenisation has rested precisely on the country's and the government's newly acquired financial resources, and has in practice directly touched only a small fraction of the population, chiefly its ruling military/bureaucracy and the business groups. There have been no serious attempts to involve the great majority of the population, who are largely peasant farmers, or to relate indigenisation

to the economic and political development of the country as a whole. Thus Nigeria's indigenisation has in part effected a transfer of wealth and business opportunities from alien investors to an indigenous elite, and yet in part also served to continue a close alliance between domestic and foreign capital, with the aim being to further develop indigenous capitalism. This method of pursuing "economic independence" may of course prove in the long term to be self-defeating, in spite of the country's transient ability to buy foreign-owned businesses, and need not lead to the creation of a self-reliant economy. These reservations will be taken up later.

A further contrast in indigenisation can be found between Nigeria and Kenya. Both are Anglophone countries and both can be identified as models of developing African capitalism. Kenya's indigenisation initially started with the acquisition of part of the fertile farmland which had been possessed by white settlers. Indigenisation of land became an essential priority in independent Kenya. But again an important difference between Kenya and Nigeria in the indigenisation of their economies has been finance. Kenya depended for a substantial part of its financing of indigenisation on foreign borrowing. Furthermore, the objective of Kenyan indigenisation was not to wholly replace foreign investors, as has certainly been ultimately the case in Nigeria in the service sector at least, but instead simply to increase the participation of Kenyans in the economy. The reason for this is the foreign exchange constraint which applied in Kenya and which, for a time, Nigeria escaped.

The Industrial and Commercial Development Corporation set up in Kenya in 1965, roughly equivalent to the Enterprises Promotion Board set up in Nigeria in 1972, was empowered to raise loans from outside Kenya and lend to indigenous businessmen on a long term basis. It also undertakes feasibility studies, evaluations and market studies for

the benefit of the private indigenous sector. The NEPB's operational scope is in contrast, more limited as will be shown in chapter 4 below.

In conclusion to this brief and selective overview of indigenisation in black Africa, the most obvious contrast lies between most Franco-phone and the Anglo-phone countries. The former have tended to promote the competitiveness of the indigenous private sector without restricting foreign capital. This has been true of such countries as the Ivory Coast and Senegal, where external sources have been allowed, indeed invited, to provide technical and supervisory assistance for the development of African businesses (State development institutions there are prone to criticism for an apparent bias in favour of foreign investors).

Turning now to the study which follows, the subject is limited to indigenisation and the promotion of indigenous capital by the state in Nigeria. The centrepiece is the Indigenisation Decrees of 1972 and 1977. The first Nigerian Enterprises Promotion Decree (attached in full in Appendix A) was the most comprehensive government policy statement on indigenisation which Nigeria had witnessed up to 1972. It was launched on the 23rd February and defined areas where foreign capital was henceforth not to be allowed to operate in the economy. Fifty-five types of enterprises operating in Nigeria were classified into two groups. Commercial enterprises such as retail business and many other service operations were classified as Schedule one enterprises and required 100% indigenous ownership, to the complete exclusion of foreign capital. An exception was granted where equity capital was not less than N400,000.⁸ For instance, departmental superstores, by virtue of their size and the volume of capital involved, were exempted. Schedule two enterprises, which were required to have 40% indigenous equity ownership, comprised mainly joint ventures. Most of the enterprises which were allotted to this group are intermediate or

small-scale manufacturing firms (see the list of enterprises in Appendix A).

Initially the government allowed a two-year transitional period within which all enterprises affected by the NEPD were to comply with its requirements.

In 1977, following a change in the leadership of the military government which took place in July 1975, a second Enterprises Promotion Decree was issued, updating the 1972 Decree (see Appendix B). This time all enterprises in Nigeria were classified into three schedules. Schedules one and two in the 1977 Decree had already been included in the 1972 Decree, but a new list of enterprises was now added, forming Schedule three, which required at least 40% indigenous equity capital. The numbers of Schedule one and two enterprises were increased. All enterprises in Schedule one remained exclusively for indigenous participation, but Schedule two enterprises were, as of 1977, required to have 60% indigenous capital rather than the 40% stipulated in the first Decree (1972). All enterprises affected by the 1977 Decree were supposed to comply with the government's requirement by 1979. However the implementation periods subsequently had to be extended, as will be shown in chapter four (Section iv) below.

These two Decrees and indigenisation are worth studying, first because they marked the beginning of a bold step in the aspiration to create a strong and prosperous indigenous capitalist economy. In this sense the Decrees constituted a "watershed" in the history of Nigeria. Secondly, Nigeria's experience provides an eminent lesson in Africa and other parts of the third world as a whole, of a state in a large developing country attempting to use very substantial, newly-found wealth for the purpose of promoting indigenous capitalism. For at the same time as it increased its assistance to indigenous capital, the state also undertook to harness the benefits of foreign capital

investment, while trying to dispense with some of its costs. The Nigerian Enterprises Promotion Decrees clearly identified areas in the economy that indigenous businessmen were capable of owning and running relatively easily. However by the same token they also identified other areas of the economy that would still require foreign capital and joint ownership with foreign capital. The potential scope for effective indigenisation and the role of the state in capital accumulation and industrialisation in general, in other non-socialist third world countries can, then, be illuminated by our examination of the particular case of Nigeria.

The official case for indigenisation in Nigeria was a strong desire to facilitate the development of an economy that would eventually come under the control of Nigerians. The ability of foreign capital in the past to transfer abroad large sums of profit and dividends earned in Nigeria had especially givearise to local resentment. However, the crucial questions of whether the promotion of private indigenous capital could ever lead to stable capitalist development in Nigeria, and whether the practice of giving state aid and assistance to private Nigerian enterprises can consolidate indigenous capitalism do not seem to have been addressed at the time by the chief policy-makers and decision-takers. This was a failing; and there are several major issues of development which should have been given greater deliberation. These include the role of the state in industrialisation, the harmonisation of foreign and domestic capital, the relative weakness of private domestic capital in industrial ventures, and the development of domestic entrepreneurs, all revolving around the central theme of promoting private indigenous capital by the state.

Needless to say, no sooner was the First Decree launched in 1972, than debates began in Nigeria about the nature of the Decree and its

impact on society and economy. Informed observers, officials and commentators of various political persuasions came to contribute to these debates, each identifying specific problems with the formulation of the Decrees and their implementation. These problems of indigenisation, as well as the substance of the Nigerian Enterprises Promotion Decrees, will be examined in the chapters that follow.

There has always been a consensus amongst most officials over at least the official aims of the policy of indigenisation, which reduce to the achievement of national "economic independence". However, economic independence is a rather vague aspiration, and the belief that it has been the only significant motivating force behind Nigeria's indigenisation is somewhat naive. A close look at the Decrees and their implementation suggests that "economic independence" can be a means for achieving further, and rather different ends. Moreover in any case even the official interpretation of the concept appears to be consistent with the promotion of the private interests of businessmen and state officials. In order to promote the interests of these groups, such catch-phrases as "economic independence", "economic freedom" and "self-determination" were used to generate a broad based support for the policy. In reality, the formal espousal of official views has barely concealed the priority given to unofficial interests and informal concerns. The words of a New Nigerian editorial (27/7/83) captioned "Ugly Nigerians" reveal some of the barely hidden truth, by quoting Mr. Minso Gadzama, the Chairman of NEPB:

"Many Nigerians participate in tearing apart the fabric and have hastened the collapse of our economy. Regrettably, they are the ones that shout the loudest about our so-called lack of leadership in the management of the economy. Yet they are the same people in the lead in contravening the laws designed to bring about prosperity and progress of the people of this country."

The editorial pessimistically concluded:

"there is no running away from the Ugly Nigerians.
How painful!"

Clearly there is a prima facie case of violation of the rules governing the Decrees by individuals in high places, in the quest for shares.

The indigenisation policy was designed to promote the business interests in such a way as to allow state officials to also take a part. In addition, the military regimes of General Gowon (in 1972) and General O. Obasanjo (in 1977) attempted by means of the NEPDs which they instituted to create a network of patrons and clients. Such a network would consolidate their own power as well as help win some popular support. The NEPDs may not have led to an improvement in the standard of living of the majority of Nigerian citizens, but the strengthening of the indigenous business community, which was occasioned by the entry of retired members from the military/bureaucracy, has served to increase the pressure on the state to further promote the private business sector. Whatever the other merits and demerits of the NEPDs, the results of the implementation exercise, in particular the first phase (1972-74), have been to concentrate equity share holdings in a few hands. Such a concentration has been seen by some people, for example, Professor B. Akinyemi,⁹ the ex-director of the Nigerian Institute of International Affairs, and Peter Ejiofor,¹⁰ to be the best way of going about indigenising the economy. They argue that in order to ensure effective decision-making, it is imperative that a few powerful shareholders with very large blocks of shares be present in indigenised firms, so as to be in a position to take important decisions swiftly. Apologists of the Decrees also emphasise the accompanying retention of business profits in the country, regardless of who in the country benefits. Other observers are more cautious and

even condemn such concentrations, on political and ideological grounds. Whichever viewpoint is adopted, none would dispute that modern indigenisation in Nigeria is largely a phenomenon of the privileged urban ruling groups in the military/bureaucracy and among politicians and big businessmen.

There are good reasons for commencing an examination of indigenisation in Nigeria with an account of the historical origins of the modern policy which culminated in the 1972 and 1977 Decrees. For these Decrees extended a pattern of active state participation in the economy in combination with direct state encouragement of private indigenous enterprise which can, with hindsight, be seen to be a continuation of colonial trends. Thus chapter one, after briefly documenting pre-colonial resistance to the penetration and establishment of foreign firms, concentrates on the colonial period and agitations for equal opportunities for educated Africans in the civil service in particular, for this ultimately led up to demands for comprehensive Nigerianisation or Africanisation. Attention is drawn to the significance of the Nigerian Marketing Boards' funds in the formation and development of indigenous businesses. This historical background to the first indigenisation Decree (1972) contributes to an understanding of the modern phase of indigenisation because the colonial period provided the pretext and the conditions which led Africans to demand not only political power, but economic gains as well.

Chapter two details the emerging structure of Nigeria's post-civil war oil economy, for this is what provided a suitable financial climate for the Decree. The post-colonial forms of state assistance to private indigenous businessmen up to 1970 were severely limited due to the paucity of large-scale finance capital. In the 1950s, the Marketing Boards's surplus funds had been applied to direct financing of regional industrialisation, but it was the rise of new wealth

from the oil economy in the early 1970s which gave the green light for state assistance to indigenous capital and for industrialisation. To understand the timing of the Decree and the sense of urgency of the aims it sought to achieve, it is necessary to first understand the oil economy which provided the state with the wherewithal to launch the Decrees. At the same time it can be shown that the extensive state acquisitions of shares in the oil industry, which began prior to 1972, and in banking (1973 and 1976) were not ideologically motivated even though they were acts of nationalisation. Instead, those particular instances of government involvement should be considered as forerunners of indigenisation, or at most as a way of facilitating the indigenisation which was to follow.

Chapter three sets out in detail the aims and objectives of the Decrees. The Decrees were conceived and executed by three different government leaderships largely between 1972 and 1979, and of course the flavour was different under each of these regimes. However, the major purposes of the policy were common to all three. Even if the style and approach of the Obasanjo regime was different, in some respects, there was no radical policy shift, only an increase in the scope and the momentum of the indigenisation exercise. In 1977 there had hardly been sufficient time to carry out extensive detailed studies to take account of the effects of the 1972 Decree, when the second Decree was drawn up and then introduced. The surprising speed with which the second, more stringent Decree emerged, can be explained in at least two ways. Firstly, the military leadership was in general seeking to push through a foreign policy which, for Nigeria, was quite radical. It felt that it could mobilise domestic support for this by implementing the second Decree. Secondly, the new ruling group now in power sought to create private opportunities for its own members, so as to make up for the missed opportunities of the 1972 Decree.

Chapter four deals with central themes in the implementations of the NEPDs. The account given will be based on evidence drawn in particular from Borno State, as well as illustrative material from Kano, Lagos, Niger and Sokoto States. However, we should remember that generalisation from particular cases is, at the best of times, a delicate matter. Hence it should be borne in mind that the experience of one State, or the accounts given by one State Committee official may not be wholly comparable with the experience and the perceptions of officers from other States.

Chapter five enumerates how State officials and businessmen have resorted to several different means to acquire shares, and it underlines the role of the foreign investors in determining who are to become the major shareholders. The difficulties of exercising management and production control, and the issue of citizenship are also examined. A conclusion is drawn to the effect that it is hardly possible for the law to be effectively applied to violaters of the Decrees. For although the law has stipulated penalties for such practices as non-compliance and so called "fronting", the limits imposed on the powers of the Board and its inspectors have made it impossible to identify all non-complying cases, or to ensure taking effective remedial steps. Also, in some cases, powerfully placed and politically influential Nigerians have themselves become active collaborators in violating the law.

In chapter six we focus on the labour force and the role it has played in indigenisation. This section owes to the inclusion in the 1977 Decree of a clause setting aside a specific proportion (10%) of the equity in indigenised enterprises to the employees - managerial and non-managerial, including manual. A small amount of the material in this chapter refers to the colonial as well as the immediate post-colonial period, and is included there for analytic

convenience. The chapter concludes with some tentative suggestions about how to make the recommendation of 10% worker participation in indigenised firms more effective than it has so far been in practice.

Chapter seven is concerned with the after-effects of the implementations of the Decrees, and with developments in the pattern of continuing agitation for further indigenisation. A significant development in the 1980s has been an increase in the active role of sectional interests and interest groups, particularly professional bodies, who since 1979 have lobbied for further indigenisation, simply in order to prevent their professions from being dominated by foreign capital. This seems to be a departure from the previous pattern in which the dominant force was the official impetus given to indigenisation by governments, ostensibly in the name of economic independence and other national goals. However, in spite of this it should be noted that both the overt and the covert pursuit of sectional interest in the process of indigenisation go back as far as the early years of the century. Right from the start of agitation for equal opportunities for Africans, it is clear that a section of the population - the more articulate and privileged - realised that formally equal opportunities meant in effect a real opportunity for them alone. This perception, and a very ready willingness to act in the cause of self-interest run throughout the history of indigenisation up to the present day.

The experience of the last decade has shown that the race for equity share acquisition in the manufacturing sector of the economy, which emerged after initial success in acquiring shares in the commercial sector, has given rise to yet further demands. The efforts by professional bodies and other groups to create, protect and preserve opportunities for themselves, have proceeded without due regard to the likely effects on the performance and efficiency of the country's economy as a whole.

Chapter eight attempts to relate the whole of the preceding discussion to important theoretical issues concerning the State and industrialisation in peripheral non-socialist economies, and most notably the system of alliances developed between the State, foreign capital and local capital, for industrial development. Studies of post-colonial Kenya and dependent development in Brazil will be referred to briefly in so far as they help to depict the situation that Nigeria is in and the path that the country has set out to tread. The conclusion that is arrived at, contends that no amount of State financial assistance or the enforced transfer of equity in modern business establishments to Nigerians, through the NEPDs, can of themselves resolve the main problems besetting viable independent capitalist industrialisation. This chapter thus assesses some important consequences of indigenisation which are predictable but which have never been admitted officially.

Increases in the proportion of domestic private ownership of industrial investment may not necessarily lead to independent industrial capitalist development, let alone industrial self-sufficiency. The conclusion of this study is based upon the belief that the State's indigenisation policy has wrongly placed excessive emphasis on the acquisition of share capital by private individuals and organised associations of businessmen. There has not been a corresponding concern for the consequences, in terms of industrial performance, and the necessary conditions of success, most notably an adequate technological and scientific base and a plentiful supply of skilled manpower including, especially, managerial personnel. Because of this relative lack of concern the State is unlikely to be successful in bringing about the "economic independence" which officials have long professed is their goal. Hence the concluding chapter presents some general suggestions

as to what could be done to improve the existing policy of Nigerian enterprises promotion, with a view to making control of the economy by Nigerians a more realisable aim.

Sources of Data for the Study and the Survey of Opinion in Nigeria

Data on 1,888 companies out of a total of 3,112 companies filed for indigenisation at the NEPB have been obtained from the NEPB and examined for the purpose of this study. Of the total, 46 companies are classified as dormant, 29 do not present any information, 57 have been liquidated, 16 wound up, 10 declared defaulters, 1 sealed up and 23 are exempted. The latter are exempted because they are largely non-profit making organisations, for example religious establishments, and liaison offices such as British Airways and Shipowners' representatives, or are naturalised Nigerians, and have no paid-up capital or are registered outside Nigeria, or state-owned companies. There are also 4 companies exempted without explanation (2 Indian, 1 British and 1 US). Thus the number of companies about which information is gleaned from data is 1,705, and the total equity capital ₦1,667,950,000. The information extracted includes volume of capital, indigenous and foreign ownership, nationality of capital, types of schedule and partnership.

A more specific and detailed set of information was also obtained on 145 companies (9 are liquidated and 2 are dormant) under the Kano zonal office, of which 16 companies are wholly indigenised and 7 owned by Organisation of African Unity (OAU) citizens. Fifty-seven companies are in manufacturing, of which six combine two activities - manufacturing/distribution or processing/manufacturing. Most of the companies manufacture such goods as furniture, perfumes, cosmetics, candles, soap, textiles, rubber mats and tiles, bottles, kettles, paper and envelopes, sweets, drinks, nuts and bolts and batteries and matches.

Another sixty companies are in the service sector. These include building and civil engineering, consultancy firms, metallurgical analysts, construction companies, wholesale and retail firms, catering and restaurants, fuel depot construction, dyers, technical consultants, road haulage, travel agencies, import/export firms, distributive agencies, land reclamation and irrigation, irrigation consultants, borehole digging firms and leather tanning. Ten companies are involved in extracting and processing oil from nuts and seeds. Another ten companies are in tin mining (all are in the tin mining area of Plateau State).

About twelve companies are in schedule I of the Indigenisation Decree (1972), and six companies are in schedule III. These are publicly quoted companies such as Union Carbide and Steyr Nigeria with substantial investment (5 in Kano, 1 in Kaduna). Another 37 are in schedule II. The rest are not classified by the reports. However reference to the 1977 scheduled enterprises suggests that 11 of the enterprises which have no information on their classification belong to schedule I, and the rest are schedule II. This observation is based on description of the nature of activities undertaken by the companies. On the whole, half of the total enterprises examined are in commerce and service sectors, while the rest are in small-scale manufacturing and processing.

The information acquired about all of these companies relates to ownership; pattern of distribution of shares between foreign and Nigerian citizens; volume of capital; method of payment for shares; expatriate quota allocations; fulfilment/non-fulfilment of the requirement of 10% equity shares for employees; nationalities of foreign shareholders; distribution of shares among ex-state officials, foreigners and traditional Nigerian businessmen; number of individuals acquiring shares in more than one company; distribution of companies

among the Northern states; figures on cross-Regional and state participation; extent of state and Federal government participation; defaulters and those recommended for the certificate of compliance with the indigenisation Decrees. The number of firms from other countries in the Organisation of Africa Unity (OAU) and the volume of capital involved, the number of Lebanese who have obtained OAU citizenship and the volume of capital retained through this method, are also examined.

Not all the reports contain all the information sought under the above headings, but in each case information will be quoted against the background of the actual number of reports that have included the information in question. Thus 114 enterprises out of the total of 145 enterprises have given their authorised, issued and paid-up capital i.e. 114 companies hold ₦119,410,403. The largest capital held by a firm is ₦21 million - Steyr Nigeria Ltd., a vehicle and track assembly plant with over 90% of the authorised capital owned by the Federal and 3 Northern state governments and a private indigenous company. The smallest is a tin mining consultancy firm - Alfred Knight Ltd.¹¹ with an authorised capital of ₦200. A majority of the companies have on average an authorised capital of between ₦200,000 and ₦600,000.

At the time of the visit made by the author to the Nigerian Enterprises Promotion Committee (Kano) office, about 490 companies with Lebanese, Indian, OAU, Nigerian and joint proprietorships, were represented in the files. These companies are spread across the Northern states (except Kwara state which comes under Ibadan zonal office) with Kano state accounting for nearly three quarters. Of the 145 companies examined, 76 are in Kano, 25 in Kaduna, 17 in Jos, 14 in Maiduguri, 3 in Sokoto, 2 in Zaria, 2 in Katsina, 1 in Bauchi, 2 in Lagos (Head Office) and 1 in Ilorin (Head Office). The analysis

is limited to these 145 companies. Only 177 companies had undergone both pre- and post-compliance inspections at the time of inquiry (most of the post-compliance inspections were carried out between 1979 and 1985). These companies are therefore in an ideal position to give a clearer picture of the post-compliance structure of the companies and the extent of actual indigenous participation and its effects. Not all 177 reports were available, but the absence of 32 of them is unlikely to seriously affect our findings. A note of caution is, however, in order here. Although the results of the analysis may be valid with respect to the implementation in the Northern states, it should be treated only as indicative of the prominent trends in the implementation of the 1977 NEPD and not as a definitive general statement which would require an even more extensive and exhaustive investigation.

Additional data on 48 publicly quoted companies has been extracted from their annual reports - volume of authorised capital, ownership, type of directors and their shareholdings and valuation of their per share units. With respect to this group of companies, where the authorised capital is not shown in the annual report, information has been supplemented by data from The Nigerian Stock Exchange Handbook (Volume 2, 1984), and "Who makes what in Nigeria - Buyers Guide to Made in Nigeria products" (a publication of the Manufacturers Association of Nigeria, 1984). Except for 3 oil companies, all the other 45 companies are in manufacturing, construction and commerce. They are all in schedule II and III categories.

References are also made to the Central Bank of Nigeria (CBN) quarterly statistical and other reports. However relevant detailed technical information is scanty even in these source materials. Officials of the CBN itself claim that they often experience difficulties in meeting requests for information even from other government departments.

This is indicative of a general problem which the author had to continually face. Nevertheless, in spite of these difficulties, CBN sources proved to be helpful.

The geographical concentration of industrial and commercial establishments looked at is in Lagos and Kano, but there is also an intention to provide a contrast in the shape of Borno State as an example of one of the relatively less industrialised states of Nigeria. Background knowledge of that state was also an influential factor in the choice, because fairly good private access to officials and to government papers is, in Nigeria perhaps more than in many other countries, a critical variable. The study therefore looks at the impact and the pattern of implementation of the NEPD with specific reference to enterprises covered by the Northern zonal office. Two files of the Nigerian Enterprises Promotion Committee of Borno State, containing correspondence, official minutes, reports and other matters relating to the NEPD, and committee activities in the state, were examined.

To obtain first hand accounts of the experience of implementations of Nigerian Enterprises Promotion Decrees personal interviews were conducted in August 1982 and April 1985 with officials of Borno State Ministry of State of Trade, Industry and Cooperatives and with members of the State's Enterprise Promotion Committee, with staff of the NEPC (Kano zonal office), and with officers of the NEPB (Lagos), and some ex-inspectors. Also interviewed were, officials of the Manufacturers Association of Nigeria (MAN), the Nigerian Labour Congress (NLC), and members of the Chambers of Commerce and Industry in Kaduna State. The questions for these elite interviews were selected from Questionnaire (I) (in Appendix C below), which was also designed to obtain information from ex-state officials who are now involved in private sector business. The questionnaire aimed to find out, amongst other things, the origin

of the idea of indigenisation and its momentum, and sought to confirm the extent of participation by ex-members of military/bureaucratic groups. Throughout, the questionnaire was used only as a general guide, and the position of the interviewee and individual responses dictated the course of the interviews.

Questionnaire II (see Appendix D) was directed at employees, both managerial and manual, in indigenised firms. The 1977 Decree included a special provision for employees to benefit from the transfer of enterprises that were to be indigenised; and so questions were directed at such employees as accountants, clerks and cashiers who might be thought to have a reasonable knowledge of how to apply for the loans which could assist them in the purchase of shares, and who might possess a general awareness of the main provisions of the indigenisation Decrees. Some manual employees who were also supposed to benefit from the Decree (by acquiring 5% of the shares to be sold), were also interviewed.

In the cases of all the groups of people so far mentioned, most of the interviews were conducted during working hours. Many difficulties which were experienced in successfully conducting interviews, in particular the irregular time-keeping and occasional failures of potential contacts to turn up, meant that an original intention to interview suitable members of the Nigerian intelligentsia regrettably had to be abandoned. Similarly a questionnaire originally designed for members of the Lebanese business community in order to assess the impact of indigenisation on them, had to be abandoned because of the poor response from this notably very secretive community.

Any study of indigenisation in Nigeria - the present study being no exception - must refer to official documents and acts and the speeches and behaviour of leading members of the government and the business community. However, additional and sometimes more revealing

sources of information were also tapped. These include lectures by heads of private and public organisations, papers presented by professional bodies and media reports.

One interesting source of information is the media. Nigeria has by and large, enjoyed a vigorous and well-informed press. References in this study are thus made from time to time to national dailies, weekly magazines and other periodic magazines and journals which comment on Nigerian politics and economy. The indigenisation Decrees have been one of the most prolonged and widely discussed of national issues in Nigeria since independence in 1960. The editor of the Daily Times claimed in March 1974 that since the launching of the Nigerian Enterprises Promotion Decree in 1972, there were no "less than twenty million words . . . poured through the newspapers, television and radio in support of, or in criticism of the 1972 NEPD." ¹² The issue still seems to be as fresh today as when it was introduced in 1972.

The two most widely circulated National Dailies, the New Nigerian and the Daily Times were selected so as to assess coverage of the indigenisation exercise. However, pre-indigenisation editorials on "economic independence" and related reports are also considered as a contribution to the climate in which early agitation for indigenisation increased. The most relevant period for our purpose here is 1970-1983, most notably from the months immediately prior to the 1972 indigenisation Decree through to those immediately after the 1977 Decree. The two Decrees continue to give rise to plenty of comment. Between 1971 and 1983, the two papers carried about 94 editorial comments and 160 front page coverage on the indigenisation Decrees or closely related issues. These figures do not include inside page stories and leader articles, letters, labour pages and company reports which also touch on issues of indigenisation.

The majority of the editorial comments and front page news are statements and interviews. Government officials, prominent businessmen, academics, union leaders, representatives of business organisations and diplomats use the medium to advise, warn or explain the essence of the Decrees. The most notable and authoritative voice in the private sector which was widely reported was that of Chief Henry Fajemirokun, the President of Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA). In the government sector, the statements of the officials of the Federal Ministry of Industry and Internal Affairs are the most reported of all. The views of the head of state, state military governors, state commissioners of trade and industry and other top civil servants are also reported.

Although we cannot quantify the extent to which the policy-makers in government have been influenced in their policy deliberations by exposure to media reports, it is obvious that the newspapers have at least aired and conveyed prevailing opinions amongst the informed members of the public. In this way, the media has supplemented other sources of information to government such as the reports of official committees of inquiry, views gathered through periodic government meetings with business Associations, closed door consultations with representatives of foreign investors and diplomats, and the reports of fact-finding missions by government officials who have looked at similar exercises in other countries (e.g. Guinea and Ghana), and inter-ministerial meetings.

The newspapers' treatment of ^asubject often give definition to an issue, and they may attempt to form public opinion in ways which cannot be ignored by the official policy-makers. In view of this, it is relevant to take account of what the media have said and continue to say with regard to indigenisation in Nigeria. Policy outputs, and even more so outcomes may not always correspond to editorial views.

But in the case of several specific instances of government decisions on various aspects of indigenisation, the policies are observed to comport with the known editorial views of the two named papers. Conversely, on occasions editorial comments have agreed with and endorsed government actions, in such matters as the reclassification of certain enterprises under the NEPDs and immigration restrictions, and thereby not only publicised such moves but also, perhaps, lent greater legitimacy to them.

A note on terminology:

Such terms as "indigenous bourgeoisie" and "aspiring bourgeoisie" as used in this study do not denote a unified "national bourgeoisie". They merely refer to groups of individual Nigerians who have substantial ownership stakes in the manufacturing, service or commercial sectors, and the extremely wealthy property owning Nigerians who overlap with the political and military/bureaucratic ruling groups. The terms: "indigenous bourgeoisie", "aspiring bourgeoisie", "aspiring industrialists" are in most cases used interchangeably. Similarly the terms: "foreign capital", "Transnational Corporation", "Multinational subsidiaries" and "Metropolitan capital" are used interchangeably.

It should also be noted that between 1979 and 1983 (i.e. a period of civilian rule) the word "Decree" was replaced by the word "Act". Under the civilian regime of President Shagari, the Nigerian Enterprises Promotions Decree was reworded as the Nigerian Enterprises Promotion Act, 1979. The one therefore can be regarded as the other. Both titles refer to the same documents. Since the Military came back to power again in December 1983, by the coup led by Major General Buhari, the word "Act" has been replaced by the original word "Decree".

Notes and References

Introduction

1. Nyerere, J. - Arusha Declaration (1967) recorded in S.S. Mushi "Tanzania" - Indigenisation of African Economies, edited by A. Adedeji (Hutchinson, London, 1981) p. 204.
2. Webster, M. - "Britain bounces back in Nigeria" (Special Report on Nigeria) in Root magazine (London) 1980, p. 66-67.
3. Ansah, K.A.O. - "Ghana" in Indigenisation of African Economies edited by A. Adedeji, op. cit. p. 133-4.
4. Ibid p. 152.
5. The Secretariat of the Economic Commission for Africa (ECA) - "Indigenisation of Business Enterprises: Lessons from other Developing Countries" in Management Development in Nigeria edited by U.U. Aka et al (Ibadan University Press, Ibadan, 1977) p. 108.
6. Nyerere, J. in S.S. Mushi - "Tanzania" op. cit. p. 220.
7. Ibid. p. 220
8. The Nigerian Naira (₦) replaced the Nigerian Pound in 1973. The rate of exchange for the years 1976, 1977, 1978 and 1979 - One Naira (₦1) was £UK0.8752 (\$US1.5960), £UK0.8662 (\$US1.5352), £UK0.8414 (\$US1.5960) and £UK0.8009 (\$US1.7231) respectively. See Central Bank of Nigeria Exchange published in the New Nigeria Kaduna 1/11/76, 7/11/77, 20/2/78 and 3/12/79.

9. Akinyemi, B. - "A Farewell to Policy" published in The Guardian (Lagos) 27/9/83, 28/9/83 and 1/10/83.
10. Ejiofor, P. - "Problems of Micro-minority Control of Indigenised Business" in Management in Nigeria, July 1978.
11. In 1981 Plateau State Investment Company and two Nigerians negotiated the purchase of shares worth ₦1620, ₦810 and ₦270 respectively.
12. Jose, A.B. - "The Role of the Information Media in the Indigenisation Scheme" - in Management Development in Nigeria edited by U.U. Aka et al, op. cit. p. 26.

CHAPTER I

HISTORICAL BACKGROUND

The history of indigenisation in Nigeria comprises two main themes. The first is a history of conflict between private Nigerian and foreign business interests. The second is a conscious government policy to promote a strong, indigenous capitalism able to enter into partnership with foreign investors in the drive for industrialisation. Any discussion of these two themes must take account of three significant periods in the history of Nigeria. The colonial period, (1900 to 1960), the first republic, (1960 to 1966) and the period of military rule between 1966 and 1969. It is pertinent however to first mention briefly the pre-colonial period in order to grasp the present developmental trends which encompass an alliance between foreign and domestic capital. Knowledge of the pre-colonial period will also provide a further understanding of subsequent colonial and post-colonial policies.

The history of indigenous antagonism to foreign business interests dates back long before the establishment of colonial rule in the territories that are now the parts of modern Nigeria. The articulation of that antagonism by way of overt opposition, backed up by forceful economic arguments and a determination to resist foreign "economic exploitation", is however a more recent phenomenon, which dates from the 1940s.

Foreign private capital of European origin penetrated Nigeria as far back as 1850 in the form of trade between European commercial traders and the indigenous population of the coastal areas. In the later years of the 19th traditional rulers on the Southern coasts attempted on several occasions

to prevent Europeans from gaining the upper hand in the economy of their kingdoms. The dethroning of Jaja of Opobo by the British in 1887 was directly related to the King's attempts to make European middlemen redundant in the lucrative palm oil business in his Kingdom. At one time Jaja himself was a slave, and was exposed to the realities of European mercantilism in Africa. Upon establishing a Kingdom, his knowledge of trade led him to the idea of controlling economic activities in his domain for his own benefit. Jaja started to sell oil directly to Europe, thereby side stepping European middlemen based at the coast. To make sure that he was in absolute control of trade, he denied European merchants access to the interior of his Kingdom, and meted out severe punishment to those tribes who ignored his laws and dealt directly with the Europeans.¹

In 1883 the British Consul, Hewett brought to the attention of the British government Jaja's exclusion of European merchants in his Kingdom, and urged the removal of the King from the throne and banishment from his Kingdom. At that time the British government did nothing more than warn the King. Four years later however, Jaja was dethroned by agents of the British government and exiled to the West Indies, thereby clearing the way for European merchants to gain access to the interior.

Like Jaja of Opobo, the Oba of Benin, Oba Ovaramwen was also removed from his throne in 1897 because he constituted a challenge to British commercial interests. The Oba had wanted a royal monopoly on the products of his Kingdom and he had the royal authority to exclude European middlemen. At times he placed impediments in the way of trade.

Indigenous resistance as illustrated above was quite common

in Southern Nigeria before formal rule was established by the British, but it was generally too weak to hold out for long against the foreign powers. African merchants were poorly organised and unable to match the resistance against foreign competition by the Kings.

The establishment of a legitimate trade in the second half of the C19th attracted many Africans to commerce and trade. Generally the role of the indigenous traders was confined almost entirely to the buying of local products from the interior and transporting them to the coast where the Europeans would then buy them. The Africans in turn bought manufactured goods from European firms for distribution to the interior. The European firms handled the wholesale trade of imported goods and bought local produce in bulk for export. Most Africans, on the other hand concentrated on the retail trade and operated as middlemen or agents for purchasing local produce for export. They operated with only small amounts of capital, and their turnover and stocks were also relatively small. Nevertheless they were able "to provide the essential link in the commercial progress of the Country."² Indigenous antagonism to foreign companies owed not so much to the latter's predominant position in the wholesale trading sector, as to the companies' involvement in the retail trade. For that invariably meant competition with indigenous retail traders. Many indigenous businessmen were aware of the danger of falling behind in the commercial competition, as long ago as the 1890s.

Historically Nigerian businessmen have been neither passive nor compliant. They have always objected to their position within the economy which seemed to be that of a third class,

behind both the Europeans, mainly British, and other assorted immigrants such as the Lebanese and Syrians³ who have gravitated to many areas of West Africa and whose ability to corner commercial opportunities has outweighed the relatively small number of people involved. Nigerian businessmen have constantly struggled for an equal or better position vis-a-vis foreign capital, but essentially the modern policy of indigenisation was the outcome of political developments which have occurred since Nigeria came into existence in 1900. Although the issue of political sovereignty was what was stressed most of all by the early nationalists, a corresponding commitment to economic improvement was also present at least in the background of their demands.

(i) The Period of Colonial Rule 1900-1960

By 1900 the traditional rulers of the South finally succumbed to British Naval pressure, and British Imperial rule was finally **proclaimed** over most of Nigeria. The course of development was henceforth effectively determined by external forces, by way of colonial rule. A colonial economy started to replace, although it never completely supplanted, the previous mode of production. The pre-colonial mode of production characterised by subsistence and collective ownership in many parts of Nigeria was to co-exist alongside an emerging and increasingly dominant new economic system. The change was accomplished by rapid capital formation brought about by direct private foreign investment, the introduction of banking facilities, the establishment of physical infra-structures such as roads, railways and ports, and by socio-cultural change oriented towards the adoption of a Western lifestyle among the Western educated native elites.

All of these set a new course of modern capitalist development.

In sum the establishment of British authority in Nigeria opened the way for foreign private capital and shaped a course of development which was in line with Britain's own economic as well as political interests. The present stage of capitalist development which Nigeria has reached in the 1980s has to be seen as resting upon sixty years of British colonial rule. That rule facilitated private non-indigenous capital formation; and later, the post-colonial state shifted to a position of indigenous business promotion. Having said that, it is necessary to point out that part of the colonial and post-colonial development experience was the emergence of Nigerian entrepreneurs enjoying limited commercial opportunities. In the period between the 1920s and 1940s, a mixed bag of businessmen and a few educated people combined to form a nationalist movement. They agitated for better commercial opportunities and for access to jobs and equal opportunities for Africans in the colonial administration.

Between 1900 and 1914, the British were mainly pre-occupied with the creation and consolidation of Nigeria as one colony. The establishment of law and order and of formal British authority were of paramount importance for the safety of European commercial firms. This was because even after the removal of most of the hostile Kings of the coast, the coastal tribes, particularly the natives of the Delta areas who opposed European penetration of the interior, continued to be apprehensive about powerful amalgamated European firms. They attacked and ransacked trading stores and created a climate which was not conducive to peaceful commerce. At the very least

the native people of the territory "hampered" commercial activities.⁴

In 1914 the Southern and Northern parts of Nigeria were amalgamated and Nigeria formally became a single socio-economic and political entity forming a part of the British Empire.

At about the time of the first world war indigenous businessmen began to be increasingly concerned about the problems of their business and their relations with non-indigenous firms. This was necessitated partly by the closure of several indigenous businesses in 1914 due to falling profit margins and the lack of a sufficiently widespread network of trade. The unwillingness of the colonial government to bring about a structural change in the **economy** in such a way as to improve the condition of indigenous enterprises was, according to Hopkins, compounded by concern about the detrimental effects of such action on Britain's exports of manufactured goods.⁵ In any case, a policy of granting special privileges to indigenous business would not be consistent with the professed commitment to a free market economy and a policy of non-interference by the State. Nevertheless nationalist programmes calling for "equal treatment for native traders and producers" became common from the 1920s onwards.

By the time concern started to be voiced by the indigenous businessmen, it was obvious that foreign firms were already well established and dominant in significant sectors of the country's economy.⁶ It is this historical fact which provides the background to modern indigenisation which seeks to redress the imbalance between foreign and domestic business interests

in the post-colonial economy.

The origin of modern nationalist economic discontent can be traced to the 1920s and 1930s when most industrialised economies of the world experienced stagnation and depression. This took its toll on the Nigerian peasant producers. It was then that "economic nationalism became the creed of the day."⁷ The plight of agricultural producers in particular provided the nationalists in Nigeria with a platform which enabled the latter to pose as the natural mouthpiece and champion of the peasant's course.

The National Congress of British West Africa (NCBWA), consisting of African nationalists from the British Western African Colonies, of which Nigeria was a member, consistently agitated for both political and economic freedom. When the Congress met in March 1920, at Accra in Ghana, the economic grievances of the British West African territories were strongly emphasised. The Congress voiced its discontent about the prevailing economic position of the dependencies vis-a-vis the imperial British interest - with an insistence "that the natural resources of the British West African Dependencies should not be for the exploitation of the concessionaires under State control."⁸ A demand was also made at the conference to the effect that the economic activities of non-indigenes, and particularly of the Lebanese and Syrian traders, be curtailed, as they were a "menace" to the interest of the indigenous businessmen.

It is not surprising that MacCaulay's Nigerian National Democratic Party (NNDP) endorsed most of the views expressed by NCBWA at this conference. Whereas during the period of

colonial expansion, from 1900 to 1914, there had been no clear nationalist economic policies, in the inter-war period the international economic depression enabled political organisation like the NNDP to capitalise on the difficulties of indigenous businessmen and farmers. They started to draw up economic policies of their own. This created a movement aimed specifically at increasing the power base of the political agitators, by harnessing the discontent of farmers and businessmen alike. Policies were contained within a broad programme which in the first instance aimed at the eventual and complete political independence of Nigeria.

The early colonial period witnessed intensive rivalry between indigenous and foreign business interests. Commercial experience, superior organisation and business management, and knowledge of modern business practice, placed such foreign firms as the United African Company (UAC) in a much better position than their indigenous counterparts. Local antagonism was openly expressed, as happened in 1929 when the women traders of Aba in Imo State rioted in protest against the dominating presence of foreign traders. Their anger was reflected in their concerted attack on expatriate shops.

The United Africa Company (UAC) had been formed by 1929 as a result of the amalgamation of the major trading companies. It controlled nearly half the market, and could dictate the policies of its main competitors. Independent African traders were virtually eliminated from the import-export business by the firms united in the Association of West African Merchants. By the 1930s the palm oil traders of the East, the Cocoa traders of the West, the Kola nut merchants of Kano, the Borno

Merchants of hide and skin and groundnuts were all forced to become mere brokers and distributive agents of European commercial firms.

Indigenous middlemen sought earlier on to use the traditional rulers for private protection of "their own spheres of operation from the extension of purchasing by the firms into the rural areas, and the increasing competition of Levantines."⁹ It is interesting to note that anxiety over increasing Levantine involvement in the colony's commerce was not only expressed by black Africans. The British traders also expressed similar concern. For example the African Trade section of the Liverpool Chamber of Commerce was reported to have raised alarm over Syrian (and Japanese) competition during its annual meetings in 1932 and 1933. The Chamber adopted a resolution in 1932 urging the British government to "restrict" Japanese trade in West Africa.¹⁰ It was with apprehension that the Chamber noted that the Syrians imported 27% of textile prints in 1933. According to a report at the time in West Africa (21/10/33).

"it is feared that the increase in Syrian trade will bring a large increase in the Syrian population and that there is a danger that a controlling interest would mean the elimination of the European merchants and destroy the livelihood of African traders, clerks and storekeepers."

It was suggested, therefore, that the principle of immigration restriction already enforced in the United Kingdom be enforced also in the West African Colonies.¹¹ Such fears and remarks as these, were indicative of the prevailing climate of apprehension among indigenous businesses against both Syrians and European immigrants in the 1930s.

The second world war saw the introduction of strict economic controls and discriminatory export duties, and the emergence of a currency shortage along with a loss of merchant shipping. Consequently there was a growing realisation among educated Nigerians both in business and in professional occupations that there was no longer any possibility of harmony and moderate competition with the British. The era of domination by foreign capital over indigenous capital had arrived. Towards the end of the War, the old types of protest were succeeded by a more articulate liberal nationalism directed by the very politico-economic groups whose interests were to be most at stake in the post-war period.

However at least two important characteristics of the general agitation for independence in Nigeria need to be mentioned here. First, businessmen and **nationalist leaders** were not unswervingly and comprehensively hostile, and indeed they exhibited accommodationist tendencies towards foreign capital. Although Nigerian entrepreneurs and nationalists consistently remained apprehensive about foreign capital, many at the same time desired its presence in the country albeit on a more or less equal basis. The struggle for "equality" in business led to demands on the colonial government to give priority to Nigerian businessmen over their foreign competitors. Neither individual businessmen nor nationalist leaders agitated for the wholesale dismantling of the structure of the colonial economy, or set out to attack foreign capital per se. The confrontation between nationalists and imperial rulers did not call for or produce structural economic changes. This has to be born in mind when considering

developments in the economy after political independence was won. For what actually happened after 1960 was the acceptance of an uncodified compromise between the nationalists who represented indigenous business interests, and the departing colonial authorities who believed that the well-established economic system could not be replaced. The authorities knew full well that the very people to whom power was to **be handed, had a vested** interest in the maintainance of the same economic system.

The second feature of Nigerian nationalist agitation was the way in which nationalist leaders accompanied their passionate expression of felt economic grievances with moderate constitutional demands as a means of finding a solution in the economic plight of the African merchant, producer and businessman. That is to say, the solution to the economic difficulties was seen in terms of achieving certain political objectives. It is true that pan-African idealism and the appeal to racial solidarity also played an important part in the nationalists' agitation. Nevertheless, their very constitutionalism was fundamentally a defence of the whole community's general political and economic interests¹² as much as it was a defence simply of indigenous enterprises.

There is no coherent and tangible evidence to suggest that nationalist leaders fought for independence solely in order to promote and protect their own economic interests and those of their colleagues in the business professions. Indeed many commentators have attempted to show there was a strong countervailing view among the nationalists themselves. That view turns on an awareness of the general interest of the

"people" and the country as a whole. A comparison of the secondary literature on the nationalist struggle in Nigeria and other Anglophone West African states with the utterances of the nationalist leaders reveals that the genuinely nationalist bent of the leaders has often been underemphasised or overlooked. The leaders did fight for independence and nationhood with sincerity and pride. They held consistently to a desire to liberate their people from foreign rule. The material interests of the nationalist leaders and the emerging business group were to become paramount only with the achievement of political independence, simply as the logical outcome of the development of Nigeria's post-colonial economy within the inter-national capitalist system. The "colonial bourgeoisie" did not necessarily seek freedom only for themselves, as for example Dobb has sought to explain from a marxist standpoint¹³. Nationalists depended for support on peasants and workers in their struggle against alien rule. It is equally true that after independence was attained, the leaders tended to stop participating in the general movement and became more attuned to the wishes of foreign capital, so long as their own particular interests were served by that means.

The first really significant period in the history of Nigerian indigenisation began in 1945. The ending of world war II saw two important developments in Nigeria: the beginning of an incorporation of Nigeria's educated elite into the colonial administration, and the first stage in the substantial use of Nigerian marketing board funds for the promotion of

indigenous business and political interests. We shall now turn our attention to the increasing politicisation of Africans in general after the war, and then look at the way they utilized the resources created by the marketing boards.

(ii) Nigerianisation of the Civil Service

The earliest effective moves towards indigenisation in Nigeria were manifested in the Nigerianisation of the Civil Service, prior to the end of colonial rule. It was in about 1948 that participation of Nigerians in the Civil Service began to reach significant levels. Furthermore, the democratisation of colonial rule began to issue in constitutional reforms which could bring African politicians into the Colony's legislative chambers. Government agencies also started to respond more favourably to indigenous businessmen who had previously been treated unsympathetically in their application for such things as import licences and bank credits. The colonial government came to be quite responsive to the demands of the Nigerian elite, as Williams has pointed out.¹⁴ The increasing complexity of local administration certainly played a part in inducing the colonial administration to incorporate the educated and the wealthy who for a long time had been denied access to public offices in the running of native Authorities. This situation resulted in the relative diminution of the authority of traditional rulers from the North which the colonial government had previously tried to preserve.

Co-operation with the indigenous, Western-educated or influenced elites was finally accepted by the British because this was seen to ensure some degree of political stability .

The readiness to meet what the British saw as the "reasonable demands of the Nigerian nationalist movement" was subsequently to lead to ever more indigenous participation in the civil service and to a more tolerant attitude towards the nationalists. This to some extent eased Britain's colonial burden. At the same time it paved the way for formation of a post-independence elite favourable to Britain's interest. The security provided by such elites partly explains the huge increase in British capital investment which took place even after independence, as is shown in Chapter 3. In short:

"In return for their co-operation, aspiring Nigerians, primarily in the South, obtained access to power, privileges and patronage available as a result of the replacement of the British with Nigerians in the terminal colonial period - especially in the Civil Service and government agencies. In the North the traditional ruling aristocracy continued to enjoy the support of the colonial regime."¹⁵

This attitude on the part of the British Authorities had not always existed. In the early days of the colonial period, the colonial administration had been suspicious of Nigeria's "educated Africans" and had resisted the idea of entrusting them with the affairs of the majority of their fellow Africans.¹⁶ The official view maintained that the educated African was a representative of his own Club, the Western educated indigenous elite, and would by no means be a sincere representative of all the people. The single factor that most induced a rapid change in the thinking of the colonial Authorities in the 1940s was Britain's self-proclaimed defence of liberty against Nazism in Europe. However, it was this same defence which was used by the nationalists against colonialism on the African continent. What is more, Nigeria

had assisted Britain during the war, in the cause of "freedom", not only by sending fighting men to the war fronts but also by subsidising the war efforts through the supply of agricultural products.

The initial exclusion of the educated "native" from participation in colonial administration had been a strong stimulus to the emergence of the nationalist movement.¹⁷ But when the colonial authorities began to show increasing sympathy towards the nationalists' cause after 1945, and the educated Nigerians, at least, realised that their interests were in the process of being accommodated to a greater degree, a more moderate nationalism began to evolve. This was often regionally oriented and it contributed the formative stages of the constitutional development of Nigeria, which culminated in political independence in 1960.

The end of the second world war in fact ushered in an era of rejection - the rejection of the old style politics of the 1920s nationalists. After the war, the Nigerian Youth Movement (NYM) (formed in 1936) also rejected the politics of the 1920s for a time in its formative years. The new nationalist leaders realised that the strategies and methods of pan-Africanist politics of the 1920s were outmoded and futile. A new political strategy, based on alliance between the nationalist leaders, traders and agricultural producers, began to issue demands for political power.

Members of the Nigerian Youth Movement and the National Council of Nigeria and Cameroon (NCNC) leaders involved themselves in grass-roots politics and the presentation of new

economic programmes.¹⁸ The post-war nationalists totally rejected any claims by the colonisers to a monopoly of administration and the management of economic affairs of the colonial state. They sought political power in the running of the colony so as to promote the general interest of Nigerians. The gaining of limited administrative and political power also of course enabled them to acquire rewarding opportunities in the colonial economy for themselves, by obtaining access to the necessary sources of public finance. Thus they were subsequently able to establish themselves as entrepreneurs, even though this outcome may not have supplied the overriding motivating factor in their original pursuit of political aims.¹⁹

It is significant to note here that indigenisation of administrative manpower during the colonial period was actually initiated by the colonial government, over-burdened by the requirements of administering such a vast territory as Nigeria, and sensitive to the high cost of employing expatriates. The government and commercial houses looked to educated Nigerians to help run the colonial regime and alien firms. But, until shortly after the end of the second world war, the British felt that the efficiency and the reputation for integrity of the service would diminish if poorly qualified Nigerians of unknown character were placed in positions of responsibility and trust. Expatriate commercial firms had also share^d this fear. Nevertheless, they too were compelled by the necessity of restraining the costs of employing expatriates, to increase the number of Nigerian employees as their businesses grew.

Right from the beginning, as in the end **too**, Nigerian leaders did not envisage extensive public ownership of economic sectors other than the utility industries, despite the wide gap between the low returns which were enjoyed by the agricultural producers and the large sums which came to be accumulated by the marketing boards. Nationalist thinking on the economy started out, as it remains to this day, rooted in a capitalist ideology of private material advancement, individual property ownership and free enterprise. The alternative - quasi-marxist and other radical left-wing interpretations of economic issues in the 1940s, as were advanced by such men as Dr. N. Azikiwe, - proved to have little lasting effect once independence was won. Azikiwe lent his support to the Ehugu Mine Workers in their strike in 1947 and he depicted the colonial conflict in terms of struggle by labour against capital.

But neither Dr. Azikiwe nor Chief O. Awolowo who also employed socialist rhetoric, was representative of a popular socialist movement. The majority of Nigeria's politicians of the late 1950s did not oppose capitalism, except in so far as it neglected their own individual interests. Eventually, after independence even the quasi-marxist position adopted by part of the Zikist movement and Northern Elements Progressive Union (NEPU) was modified to embrace the interest of Metropolitan capital investors. The disappointment of the post-colonial formula in the eyes of the small radical intelligentsia and the few politicians who continued to cling to a leftist persuasion, and the manner of arriving at this formula, are well summed up by Langley:

"Bourgeois nationalism, however, never succeeded in penetrating the core of the problem: (i.e. the post-colonial problems relating to class struggle) it was to make more explicit the fundamental opposition between alien rule and the political and economic interests of the colonized. The paradox is that they too (the quasi-marxists of the 1940s and 1950s), like the moderates before them had to 'seek the political kingdom' first before settling the less glamorous but more important question of economic freedom. The 'dialectics of backwardness' was such that the nationalist leaders had to start from the super structure, not the economic basis, in order to lead the people from the kingdom of necessity into that of freedom".²⁰

Although the demand for economic freedom was not well articulated, and was not as cogently expressed as was the argument for political freedom, evidence suggests that right from the start of the agitation for political independence there was some awareness that the achievement of political independence must be complemented by more indigenous participation in the economy. .

The nationalists of the 1940s in contrast to those of the 1920s, had a better and clearer idea of how best to tackle British rule in pursuit of their aims. Demands for equal opportunities for Africans in the colonial administration became increasingly strong and persistent, along with the Africanisation of the churches and the military.

In the light of increasing Nigerian demands for Nigerianisation of the colonial civil service, Sir John Macpherson who succeeded Sir Arthur Richards as Governor of Nigeria in April 1948, appointed a commission to make recommendations about the recruitment and training of Nigerians for senior posts in the government service. Membership of the commission was predominantly Nigerian, and included Dr. Azikiwe, who was later to be the first President of

independent Nigeria, and seven other Nigerians. Not surprisingly the commission submitted a unanimous report recommending certain principles of policy, the chief one being that no non-Nigerian should be recruited for any government post unless there were no suitable and qualified Nigerians available. The commission also recommended that public service Boards should select candidates for Senior posts in the government service, and that a large number of scholarship grants should be made with a view to training Nigerians for responsible positions.

The problem of replacing existing expatriate personnel, particularly the British, in the government services, nevertheless remained. However this did not stop Nigerian elites from looking even further than Nigerianisation of the civil service. The colonial government was urged to set-up a national committee on the Nigerianisation of foreign enterprises. The committee was formed in 1950, and it recommended that expatriates should not be allowed to participate in the distributive trade.

As Britain was gradually preparing to disengage itself from colonial rule in Nigeria during the 1950s, a large number of positions in the Civil Service, public utilities, police and higher educational establishments came to be vacated by expatriates and filled largely by Nigerians.

In 1953 a commission of inquiry was set-up to look into the way in which Nigerianisation of the civil service was proceeding. The commission was headed jointly by Sir Sydney Phillipson, the Commissioner of Special Duties and Mr. S.O.

Adebo. It reviewed the policy of Nigerianisation at the national level and submitted its report in April 1953. The recommendations were:

- (a) non-Nigerian officers on contract or in temporary posts should not be promoted in the future
- (b) posts in new departments should restrict promotion of non-Nigerians
- (c) no appointment should be given to expatriates on pensionable bases unless there are no Nigerians available for such positions
- (d) expatriates should be recruited on contract bases, so that it would be easy to terminate contracts on expiry and as Nigerians became available.

These recommendations were not implemented straight away because of the constitutional changes of 1954 which led to the regionalisation of the public service. As the prospect of independence came closer, it became increasingly necessary to ensure the continuity of the public services. Accordingly the federal house of representatives set up a committee on 25th March 1958 to look further into ways of strengthening Nigerian participation. The committee's report suggested a policy of displacement, immediate Nigerianisation of super scale posts in the administrative service, and the introduction of a lump sum compensation scheme for expatriate officers who were affected.²¹

The government rejected the interim report (submitted on the 21st June 1958) on practical grounds. It argued that the existing civil service was already overstretched, and implementation of the report would create insecurity among the

expatriate intermediate and junior staff who were not directly affected, and cause them to leave as well. The rejection of the report therefore left the Federal Civil Service largely dominated by British Officers. Indeed, even just prior to independence only 95 out of 658 senior posts in the service were held by Nigerians, as against 425 overseas officers and 5 other West Africans. The government was nevertheless in total agreement with the main principle which underpinned the report. It therefore decided to adopt a cautious and incrementalist approach to Nigerianisation. This was to be the pattern of successive Nigerian governments later on towards all kinds of Nigerianisation, including economic indigenisation.

(iii) The Marketing Boards

While the early stages of industrialisation in several of the advanced industrial countries of the North had drawn largely on domestic merchants and private manufactures, with limited state assistance, in Nigeria, as in many other ex-colonies, foreign entrepreneurs supplied the lead, most notably in the development of import-substitution industries.

One of the principal aims of the state in Nigeria from 1955 onwards was to change this situation by creating a strong body of indigenous entrepreneurs who could be the bearers of the country's development efforts. Several government agencies were oriented towards providing financial help, and the Nigerian Marketing Boards and the Nigerian Development Bank came to be outstanding.

The first development finance institution established by the colonial government in Nigeria was in 1946. This was

the Nigerian Local Development Board (NLDB). The Board had two basic functions. The first and more important was to make loans and grants to the government and government-controlled bodies for the purpose of financing the establishment of infrastructure, public utilities, land settlement and land utilization schemes. The second function was to aid and foster private Nigerian business activities by granting loans to co-operatives, partnerships and companies registered in the country.

When the NLDB was abolished in 1949, its assets were divided among the three regional governments of the North, West and East and the Colony Development Board. Each region thereby formed its own Development Board, and these regional Boards began to provide assistance to private enterprises in their Regions, thereby encouraging the development of Nigerian entrepreneurs. There was not a chronic shortage of capital among indigenous firms during the late 1960s. This has been adequately demonstrated in Schatz's study of the Federal Loan Board's lending system in the 1960s.²²

However, the first seeds of the gradual movement towards the assumption by individual Nigerians of a more active and increasing role in the economy can be traced to the establishment of Marketing Boards at the beginning of the Second World War in 1939.

The Nigerian Marketing Boards were set up as statutory bodies to handle the export of Nigerian agricultural produce. Their origin can therefore be traced to the pre-war colonial efforts of controlling the exports of British West African territories. The West African Produce Control Board (WAPCB)

was directly responsible for handling Nigeria's major export crops. But this Board came to be replaced by the Marketing Boards at the start of the Second World War. The colonial authorities decided then to re-organise the Marketing of West African produce and ensure supplies to the UK on a regular basis during the course of the war.

After World War II, the colonial government decided that statutory Marketing Boards be established for the main Nigerian export produce. The first produce Marketing Board was set up for cocoa marketing and sale in 1947. This was followed in 1949 by the establishment of cotton, ground nuts and oil palm produce Marketing Boards. These Boards remained nationwide Marketing Board organisations, set up on a strict commodity basis, so enabling them to operate on a "Regional Cross-Commodity basis" until their regionalisation in 1954. After 1954, each region was given the jurisdiction to handle its own produce. The Western region handled cocoa, the North handled ground nuts and cotton and the East handled palm oil. In addition to the three regional Boards there was also a Central (Federal) Marketing Board, but this was abolished in 1958 and its functions taken over by the Nigerian Produce Marketing Company Limited.

The creation of the Marketing Boards was severely criticised and often resisted by local produce dealers and politicians. Increased government control of the trade in raw material was to arouse the fury of local produce dealers such as the cocoa trade association. Furthermore, the imposition of control by colonial authority on all import and export businesses, and the issuing of import/export license to

only British firms, greatly angered the nationalist leaders.²³

Most of the changes which were then introduced in the system of marketing Nigeria's agricultural produce were intended to conform to the constitutional demands of the nationalists. The political and constitutional conferences in the 1950s led directly to regional autonomy.

In the mid 1950s "Commodity" Marketing Boards of the regions were transformed into Regional Development Corporations. These Corporations came to provide loans for private industrial and commercial undertakings. They initiated partnerships with foreign capital in industrial projects, and provided shares in new firms financed by public funds for individuals. Needless to say, these shares were quickly taken over by politicians and their business clients.

There are many reasons for the regionalisation of the Marketing Boards. A controversy between the Western Cocoa Board and the Central government was perhaps the most important factor responsible for the regionalisation of all the Boards. In 1953 the Cocoa Marketing Board refused to make a capital grant to the School Building Programme, as insisted by the Action Group Party of Chief O. Awolowo. In consequence the latter threatened to take over the functions carried out by the centrally-controlled Board and to retain the revenues for their own programmes. The London Constitutional Conference subsequently agreed in 1953 to the creation of new regional Marketing Boards, to replace the old system. These Boards came into existence in 1954, and all the capital assets were divided among the three Regions. The Western Region received £42.9 million, the North received £32.7

million and the East received £11.5 million.²⁴ The Eastern Region was not in favour of regionalisation because its share of the fund was small, and the prospect of revenue from the Region's produce was expected to be similarly small. With the discovery of oil in large quantity in the Eastern Region, the Regions reversed their positions. The West and North came out against Regionalisation, while the East became in favour of it.

The Marketing Boards were used by the colonial authorities to take over the country's export business from expatriate firms. The government was keen to acquire sources of revenue so as to uphold "a new philosophy" committed to the general welfare of the colony and a programme of development. The export of the colony's products had been quite profitable in the past, so the government saw control of this business as a useful source of finance. It began to monopolise the sector by means of the Boards.

The Boards were given the additional responsibility of maintaining price stability for the benefit of peasant producers. Moreover, the creation of the Marketing Boards was acceptable to the colonial authorities because they could be used to subsidize the Metropolitan consumers in Britain, and to shore up the revenues and balance of payments of the sterling bloc, although those objectives would of course come into conflict with the claims on the revenues for the benefit of Nigerians.

In retrospect the creation of the statutory Marketing Boards pre-empted the opportunities created by the post-war economic boom, thereby excluding both foreign and indigenous

private enterprises from the export trade. Foreign firms remained however in total control of the import trade. In 1949, no less than 95% of the import business was owned by expatriates, chiefly Europeans, Lebanese and other assorted expatriates. Ten years later, in 1959, the African businessmen were so far behind that they demanded the complete removal of non-European expatriates from the economic scene. The Amalgamated Northern Middlemen's Association openly agitated not only for the removal of the Lebanese but even for the restriction of foreign capital in general.

By the time the nationalist politicians came to the fore-front in the mid 1950s, and the prospect of self-rule for Nigeria was imminent, indigenous businessmen were no longer appealing to traditional rulers to protect their interests. They started seeking influence among nationalist leaders by impressing upon them that "they expected expatriate trading firms to leave the retailing business to Nigerians".²⁵

As independence approached, party politics began to gather momentum in Nigeria. Politicians resorted to use of the Boards' resources to finance political parties, as well as to paying for industrial and educational development. Politicians and influential indigenous businessmen were able to make fortunes, either by channelling funds into privately owned firms (with politicians as shareholders), in the name of political parties, or by the award of inflated public contracts for industrial developments. Thus although the Marketing Boards were used to finance industrial investment, indirectly they helped establish indigenous aspiring capitalists. The expansion of educational facilities after the second world war

may have been what produced the indigenous manpower to help run the colonial administration, but it is the Marketing Boards which facilitated most of all the emergence of a fairly well-educated and wealthy elite in the 1950s. In this period, already there were a number of influential businessmen who by virtue of their connections with politicians, came to be favoured with contracts from the government for the importation of various items.

Akeredolu-Ale noted correctly that the "link" between the nationalists' arguments for political freedom and economic independence was rather "weak", and this weakness was responsible for the lack of pressure for policy measures to help indigenous businesses. That is to say if there had been strong agitation for the investment of the accumulated funds of the Boards within Nigeria during the colonial period, rather than in Britain, then the emerging problem of insufficient capital for indigenous businessmen in that period would have been much less acute. However, even if the Board's revenues had remained in Nigeria, it is doubtful whether the colonial government would have allowed public money to be used for the purposes of promoting private indigenous enterprises, let alone the sort of party political causes which benefited when the Boards' resources did come under the control of the indigenous politicians in the late 1950s.

The Marketing Boards were not purposely established to cater for private indigenous enterprises, but none-the-less ended up doing precisely that. Between 1955 and 1962, the Marketing Boards came to be milked by businessmen and politicians as a source for loans and permitted many of them to purchase equity

shares in Nigerian private companies, as noted above. The Regional and Federal governments were also buying shares in this period. Nevertheless, the regionalisation of the Boards, and the subsequent appropriation of the funds by regional politicians, seemed to bear out British fears about assigning to an educated minority of Nigerians the power to handle the affairs of the majority of peasant farmers who produced the wealth.

The expected negative effects of assigning the responsibilities of the state to the indigenous politicians was subsequently confirmed in an official report. Drawing an earlier committee's findings, the Report by the Special Duties Officers' Committee on the Division of Assets and Liabilities of the former Government of Northern Region and the future of Capital Territory, (14th March 1968), reiterated that "under the political government (between late 1950s and 1966) a series of malpractices had occurred". The report went on to reveal that "Non-viable Commercial firms had been purchased at exorbitant prices, large scale investments had been made in unsatisfactory firms and loans had been given on political grounds with neither proper investigation of the projects involved nor adequate loan agreements. Of 12 projects wholly financed by the Corporation (the Government owned Northern Nigeria Development Corporation) and examined by the Committee of Enquiry, only one was found to be developing according to plan and worthy of encouragement. Out of 27 commercial ventures also examined in which the Corporation had financial interests, only 6 were found to be successful".²⁶ As will become clear later, those comments pertaining to the

late 1950s and 1960s have a familiar modern (i.e. 1970s indigenisation) ring.

By 1954 all Marketing Boards were under de facto Regional party political control. This partly explains why the regional politicians found it fairly easy to get access to the finances of the Boards. Had the Boards been brought under central Treasury jurisdiction, the Boards would have been less likely to be abused by the regional political establishments, especially since the British were still very strongly placed in the Civil Service, and colonial rule had not yet been officially terminated. With the achievement of self-rule from Britain in 1957 and 1959²⁷ the Regions' dependence on the Boards' resources was heightened. Thus the Boards became subjected to political control and direction in furthering indigenous business and political interests.

Two unanswered questions about the Boards need to be mentioned here: why were the Boards not brought under strong legislative control, and why did the colonial Authorities agree to the regionalisation of the Boards in 1953? One explanation could be that it was felt, somewhat naively, that the politicians would use the resources unreservedly to develop their own Regions. Alternatively, deliberate colonial policy was to let the politicians handle the Boards' affairs irrespective of the consequences, although this seems unlikely when one examines the trial of Dr. N. Azikiwe, the Premier of the Eastern Region, in the affair of the African Continental Bank in 1956.²⁸ Yet another explanation refers to one of a series of concessions won by the nationalists. Regardless of where the correct explanation really lies, the

surrendering of central government power over the commodity Marketing Boards in the process of de-colonisation was a significant landmark in the development of private indigenous regionally-based capital. Nevertheless a significant number of aspiring Nigerian capitalists still had to await the later development of finance capital, which was to be the phenomenon of the 1970s.

(iv) The Post-Colonial Period Under Civil Rule 1960 - 1966

On October 1st, 1960, Britain formally terminated colonial rule in Nigeria, and the first independent Republic (1960-66) came into existence.

The new political leaders, civil servants, traditional leaders and aspiring Regionally based indigenous capitalists together laid down political and economic policies in the first half of the 1960s. We have already shown that a struggle for "economic freedom" was simultaneously waged against British Imperial rule just as political independence was being sought. Political issues were tied to economic interests of the nationalist leaders and their regionally-based aspiring businessmen and, in the North, their aristocratic clients. After independence, politics became a matter of standing for, and on behalf of, one's own Region and one's own community, and rivalry among the new leaders for Federal funds was intensified. In the past, colonial rule had provided to a large extent a common enemy and a pretext for nationalist leaders to overlook the differences between them, and an occasion to form a united front. The hostile stance against foreign rule now turned inwards as the colonial ruler departed; and strong domestic competition for the national resources and

power began in earnest.

(v) Industrialisation and Nigerianisation of the Private Sector

The two most important economic issues in the immediate post-colonial years were, first, rapid industrialisation through the use of foreign skills and in part capital, and secondly the effort to increase private Nigerian participation in all spheres of the economy. These two issues were to lead directly to the policy of indigenisation in the 1970s.

Since independence, successive governments in Nigeria have tried to restructure the inherited colonial economy and change public policy in such a way as to allow Nigerians greater participation and control. The first real attempt to achieve these aims through state policy had been in 1958 when the then federal Minister of Commerce Dr. K.O. Mbadiwe set up a committee to advise the government on how best to strengthen indigenous participation in the distributive trade, an area of the economy then considered to be suitable for indigenous entrepreneurs. The Report²⁹ of that committee highlighted some of the bottlenecks and made suggestions for improving the position of indigenous participation. For instance the committee identified lack of capital and technological and managerial skills as handicaps. The government was therefore urged to ease these difficulties by organising institutions and agencies which would provide encouragement and, in particular financial assistance.

Between 1951 and 1958 the industrial development strategy had taken account of generous ways of encouraging private capital investment. In 1951, the colonial government introduced the pioneer Industries Ordinance.³⁰ Foreign firms

investing in Nigeria could apply for a "Pioneer Aid Certificate" granting a tax free holiday for a maximum of five years. Also granted was unrestricted repatriations of profits, dividends and capital at will after payment of government taxes. Similarly in 1958 the "Approved Users Scheme" was introduced under which manufacturing industries were entitled to import certain types of raw materials either without having to pay import duty, or by paying very minimal duty rates. The idea of this policy was to increase the price-competitiveness and profitability of these industries, as was stated by Section 41 of the Customs and Excise Management Act 55 of 1958. The raw materials imported under the scheme must be used for the sole purpose for which they were allowed to be imported under the favourable condition.

In return for the series of incentives provided by government, manufacturing firms were expected to achieve at least 50% local value-added, as their contribution to the economic development of the country. However, the actual contributions of manufacturing industries in this regard did not become, and to the present day has still not become, very impressive, as will be argued later in chapter 6.

The Industries Ordinance also required Nigerian participation in all the foreign firms which applied for "pioneer status" which enjoyed tax concessions and other incentives.

One year after independence was attained, the Federal government impressed upon all expatriate firms that it wished to see them leave the distributive trade sector for Nigerians, with the exception of departmental stores and the retailing

of goods which have a high technical content. Although by the time of independence in 1960, large European firms had already started to gradually withdraw from retail trade, Lebanese, Syrians and other assorted expatriates continued to operate in this sector, and the overall position of African businessmen did not at first significantly improve. However, political independence was the beginning of improvement for Nigerian middlemen who served as agents to European capital. They began to enter estate, transport and construction businesses. These indigenous middlemen were subsequently to supply the regionally-based big businessmen and politicians of later years.

The Federal Minister of Economic Development, Alhaji Waziri Ibrahim urged alien investors to redeploy their capital into manufacturing industry. Making a statement in Parliament in 1961, he declared that

"all expatriate middlemen . . . including the big limited liability companies which play the role of middlemen in our country's distributive trade and all expatriate individuals or companies who are engaged in road transport should at once start gradual withdrawal from those two enterprises."³¹

Alhaji Waziri is reputed to have reiterated this declaration during his budget speech in April 1964 by advocating the takeover of some expatriate firms beginning with banks, insurance, retail trade and transport. Subsequently a committee was set up charged with the responsibility of examining the Nigerianisation of business enterprises.³² The first Republic might properly be said, then, to have openly entertained the idea of indigenisation, even though it did not get around to legislating a comprehensive policy. The government was anyway dissuaded from taking

radical steps by the risks involved, most notably the likely withdrawal of foreign capital.

However, to encourage the private indigenous sector in the long run, the government had to take the lead by indigenising the public sector first. The idea of government participation through buying shares, so as to be able to transfer them to private buyers at a later date, was embedded in a report of a committee appointed by the government in 1959, on ways and means of fostering a share market in the country:

"Once government-assisted enterprise had got started, the governments should stand ready to sell their shares to private Nigerian investors".³³

This idea continues to be entertained to the present day even though it has not yet been adequately implemented.

There is also an intention made clear in government documents to assist the private indigenous business sector directly. Under the government's industrial policy, within the framework of the 1962/68 Development plan, it was stated that the government was to enable Nigerians to participate to an increasing extent in "the ownership, direction and management of Nigerian industry and trade". To this end, the Federal government proceeded to set up the Federal loans Board with an initial capital of half a million pounds (£500,000), to provide financial assistance to "small Nigerian businessmen in trade, industry, construction and transport".³⁴ This was to supplement the existing development bank which already had large undertakings.

The ascendance of the indigenous political class to government in 1960 led to an unprecedented drive for industrialisation, and the previously weak link between foreign

capital and domestic commercial capital was strengthened in the course of industrialisation. The chief beneficiary was foreign capital along with the Nigerian political class who directed the policy, and the rising domestic industrialists and businessmen. A differentiation of classes in Nigerian society proceeded apace as did growing differences between the industrialising towns such as Lagos, Port-Harcourt and Kano on the one side, and the rest of the country.

Industrialisation of course had begun to acquire political as well as economic importance even before independence, but it was in the 1960s that the government started to provide the most liberal and attractive incentives to foreign investors. Critics however maintain that the generous incentives turned out to be counter productive. The failure of the government to stress the purpose for which the incentives were given, and the random manner in which they were awarded to almost any foreign firm which applied, made the policy unlikely to achieve its objectives.

Indigenous factors for industrial "take off" were rightly perceived to be inadequate. Neither the few indigenous entrepreneurs nor the Lebanese and Syrians who had been trading in Nigeria for many years, could invest on a sufficiently large scale. There seemed to be little alternative but for Nigeria's economy to become even more thoroughly integrated into the international capitalist and financial systems, with the probability that most of the benefits would accrue largely to indigenous bourgeois aspirants and to foreign firms. Belisco sums up well the process that was taking place:

"The choice in favour of growth structured by exogenous capital and technology constitutes a pragmatic denial of Nigeria's capacity to direct its own development and makes irrelevant laboured attention to the role of the local entrepreneur. For it is primarily the international entrepreneur who has been the driving agent of Nigeria's capitalist transformation from the outset and continuing into the present."³⁵

Although Belisco's observation is to a large extent accurate, his line of argument must be treated with some caution. The present substantial levels of industrial achievement in some developing countries such as India, Brazil and South Africa were and still are significantly facilitated by foreign finance and industrial capital, even though the many observers and analysts who employ a dependency approach might argue that the patterns of change which are fuelled in this way encourage only "dependent development", not independent industrialisation. This theme will be returned to later (Chapter 8).

Some nationalist politicians in some of the political parties, for instance the Action Group and the NCNC, argued against the growing presence of foreign capital in Nigeria even before independence. Reliance on foreign capital and foreign investors was thought by such politicians as Chief Obafemi Awolowo to be incompatible with political independence. In particular, the monopolisation of foreign investment in certain major sectors of the economy was objected to. However, once Nigerians started to play a part in the colonial administration in the early 1950s, they began to realize that substantial economic growth in the country could only come about with the assistance of massive foreign investment. This conception of the essential role of foreign capital was held and fostered further by the new Nigerian government in the period 1960 to 1965. The government gave a guarantee of dividend and profit repatriation

at will, import tax exemption, pioneer status, and an assurance of capital withdrawal at any time preferred by the investors. Before foreign capital is to be invested in Nigeria, a clause in most of the contracts provided for an international legal body to be called upon in matters of investment disputes or nationalisation. This clause was partly intended to guarantee a fair settlement in the event of the take over of foreign capital through nationalisation.

The government held to these conditions for most of the 1960s. However, it did not escape demands from the Nigerian business community, radical intellectuals and politicians and even some civil servants for the Nigerianisation of the private sector. The government was also concerned that most of the highly paid positions in industry were held by expatriates, with significant repercussions on the foreign exchange reserves. In July 1958 it issued a policy statement on the "Opportunities for Overseas Investment in the Federation of Nigeria", which emphasised the priority of employing Nigerians in senior positions. Government policy on expatriate employment in private industry therefore became a matter of concern to the government as well as the domestic private business sector. The continuous pressure to reduce expatriate numbers in industry and to closely monitor the level of performance of expatriate personnel in industry, came mainly from the government and the newly qualified indigenous professionals in the industrial sector. Despite this pressure, industries had little choice but to recruit for some positions such as production engineer, quality control staff and technicians, from abroad, because there were not many suitably qualified indigenes. Government pressure on private industry to increase indigenous employment in spite of the obvious absence of skilled indigenous labour, may well have undermined and held back industrial efficiency, although this cannot be said with certainty because of the difficulty

of testing such a statement. What is fairly clear however is that relations on this issue between the authorities and private industry have not been amicable in the past.

Finally, domestic pressure led directly to an Immigration Act in 1963. This act attempted to tighten the hitherto liberal immigration conditions, and it set guidelines for foreign firms on their employment policy. The policy attempted to control expatriate personnel by imposing Expatriate quota restriction on those coming to work for private companies and organisations. Above all the Act required new foreign investors to inform the Ministry of Trade and Industry as to their intentions, in order to ensure that a sustained and mutually beneficial commitment was being entertained. The government was coming to express a preference for joint partnership between indigenous and foreign investors, hoping in this way to attach to the necessary foreign capital some local control and conditions. A change in the pattern of foreign private investment was to be engendered by a government policy of restricting expatriate domination. The containment of foreign capital was not to be superseded by direct and exclusive state participation. Instead, private indigenous investment was becoming more and more a major priority in official thinking. Every policy document on investment and the economy by Nigerian governments since 1960 has expressed the desire for private Nigerian participation. For example in 1964 the government encouraged the "establishment of Nigerian companies which offered at least 10% of their equity to indigenous businessmen, institutions and/or government agencies."³⁶ Nevertheless, the initial aspiration was for more Nigerian participation, whether private or public, and it was not until the 1970s that the government started to place far greater emphasis on specifically private sector involvement.

In the early and mid-sixties, politicians and influential businessmen had profited from foreign investment. In some cases, external interests formed partnerships with members of the ruling groups or influential indigenous businessmen, or even with the government's own parastatal corporations. This extended the patronage and support base of the politicians and their indigenous business clients. The financial benefits offered by foreign firms were a strong inducement for the politicians to cooperate in making available government contracts and in ensuring a political climate generally conducive to business. The government was in any case anxious to improve the inadequate infrastructural facilities and the unevenly developed condition of the country. The government started to acquire the strategic sectors after independence, chiefly mining, to add to the already state-owned utilities, and it also began to participate in commercial sectors which traditionally were part of the private sector. Government officials and politicians were in some cases able to misuse their positions to their own private gains. Given this increasing participation by politicians and officials in the private business sector, it should come as no surprise that most of them were strongly against the nationalisation of foreign firms in the country.

(vi) The Nationalisation Debate

Any historical discussion of conflict between foreign and indigenous capital, and of the role of the Nigerian state must take account of the nationalisation debate which took place in the early 1960s.

On 29th November 1961, the Action Group opposition party in the Federal parliament tabled a motion calling on the government to nationalise basic industries and "key commercial firms" at least in

principle. The government rejected the motion, and argued that the nationalisation of anything beyond the already publicly owned utilities would be detrimental to the country's economy. Again, two years later, in a parliamentary debate on 22nd March 1964, the government responded to the opposition's popular demand for nationalisation by pointing out that, should the need arise for government participation in insurance, banking or any other sector, it would form its own firms and operate side by side with foreign owned ones.³⁷ Interestingly enough, the NCNC leadership, and Dr. N. Azikiwe in particular, who had shown radical tendencies in the early 1940s and mid-1950s, was by now in concert with the predominantly conservative government of Prime Minister Tafawa Balewa in stopping the nationalisation proposal of Chief O. Awolowo's opposition party. One lesson to be drawn from this is that in Nigerian politics it has not been difficult to exchange political principles for personal power and riches. This conclusion is reflected in the curious alliance between the Northern People's Congress (NPC) and the NCNC which ruled up to 1966.

The overall policy of the first republic, which was non-nationalisation, was sufficiently unexceptional to not require explanation. The desire for joint indigenous-foreign participation was also only to be expected. Here, the words of Chief Festus Okotie-Eboh, a member of the NCNC, and the Federal minister of finance in the alliance government are illustrative of the prevailing mood: "We intend to maintain a climate conducive to the inflow of capital and we extend the warmest welcome to foreign private capital for investment in virtually every field of manufacture." He went on to reveal: "we have no intention of further nationalisation. Nigerianisation, through increasing participation by Nigerians in ownership and direction as well as in employment opportunities, rather than nationalisation is our aim."³⁸

The opposition strongly criticised the government's non-nationalisation policy and its liberal attitude towards foreign investment capital, but the government attached greater importance to the necessity to offer assurances and protection to foreign investors. Accordingly, Zanna Bukar Dipcharim^a, Minister of Commerce and Industry, declared that nationalisation played no part in the government's plans for the future.

Chief Obafemi Awolowo's own thinking on the subject was quite at variance with the government line. For Awolowo,

"it is not our wish that Nigeria should remain undeveloped, but many firms are exploiting our market potentialities and resources to the benefit of their own countries. In Ceylon all hotels and the sugar industry were nationalised, thereby disallowing foreigners from establishing such enterprises in competition. This move yields a great amount of profit to the Ceylon government."³⁹

The chief felt that nationalisation would not frighten away all foreign investors. He thought that the Western industrial nations believed that the underdeveloped countries of Africa must be seen to play an independent role in the ideological warfare between the communist bloc and the capitalist west, and not appear as mere appendages of western capitalist countries. This understanding might be representative of some strategic political thinking of the time, especially in the West, but with hindsight it would seem to be naive, particularly in regard to the implied connection between ideology and development.

We have already seen that the first civilian regime had been firmly against nationalisation, and it was to be followed in this respect by the military regime which was established under General Ironsi in 1966. For example the controversial insurance business was not to be nationalised outright in 1969. The government instead established the National Insurance Corporation of Nigeria as a major

vehicle for harnessing insurance funds locally, so as to finance Nigerian development. In the same year also, the Petroleum Decree was promulgated. This Decree installed comprehensive control of petroleum and gas exploration and production in Nigeria, vesting both in the Federal government and requiring very extensive Nigerianisation of personnel within ten years of operations of any successful oil producing company. However, oil was to be very much a special case and the Decree by no means set the course for a general trend.

As the arguments for Nigerianisation and nationalisation were mounting in the sixties, the very companies that were at the centre of the argument began to move into safer ground by the reorganisation and redeployment of their capital. They moved away from their concentration in produce and general merchandise and trade, and into a range of modern consumer goods production. Furthermore some Nigerian subsidiaries of Multinational corporations began to welcome increasing indigenous participation both by private entrepreneurs and the state. This was being done partly in order to meet the expressed wish of the first National Development Plan (1962/68). The traditional foreign-owned commercial firms such as the UAC advanced into manufacturing partly because of the increasing activities of indigenous import/export businessmen which had been encouraged by government policy. Indigenous business threatened the profitability of foreign capital largely in the commercial sector. Long established foreign companies therefore showed that they were prepared to be flexible in complying with the government's desire for the Nigerianisation of the private sector.

The agitation for a policy of indigenisation which had begun with the regional governments of the West and East in 1955, one year after the Macpherson constitution, was sustained throughout the 1960s.

The idea of indigenisation had already been embedded in the pioneer industries ordinance of 1951. This ordinance became the basis of the policy, introduced in 1961, to encourage or oblige certain foreign firms to withdraw in favour of Nigerians. The aim of indigenous participation rather than outright nationalisation evolved after the Second World War. Any potential threat of nationalisation without compensation in the sixties was averted by rapid adaptation by foreign firms to the aspirations of the government. They initiated and issued shares to the Nigerian public and ventured into new industries which the government wanted to see established.

By 1966, private foreign investment in Nigeria accounted for at least 70% of total industrial investment and over 90% of investment in such basic industries as chemical productions and vehicle assembly. It was no less than 60% in other industrial manufacturing sectors. In addition, there was extensive foreign investment in banking, in insurance, mining and shipping.⁴⁰ The predominance of such huge foreign investment was not to be seriously challenged until the 1970s. Comparison of the 1962/68 and 1970/74 National development plans makes this clear. According to the 1970/74 plan, less than 20% contribution was to be made by foreign capital to total private investment which translates into about £145 million (with the exception of the oil sector). In contrast, in the 1963/68 plan a total of £389.5 million was called for from the private sector, and no less than 50% of that sum was expected from foreign private sources.⁴¹

The formally expressed desire of the Nigerian government for "economic independence", in the 1960s was pursued through the encouragement of integration of foreign with indigenous capital. In stressing the desire for partnership, the government went at some lengths to declare in 1959:

"Our government wish to give every support to the principle of partnership between overseas and indigenous capital and skilled personnel. We prefer that where there are willing Nigerian investors they should be associated with new enterprises. Some public funds are available for investment in suitable enterprises seeking local participation. There will generally, however, be no rigid insistence on local participation but governments may wish to share in the financing of certain large enterprises which have a special significance to the public . . . it will be expected that posts which can be efficiently filled by Africans, should not be filled by non-Africans. Our governments will naturally especially value enterprises which are animated by this spirit of partnership and which make satisfactory arrangements for the employment, training and advancement of Africans." ⁴²

Increased private indigenous participation was always preferable to nationalisation, from the government's point of view. It was argued that, if only for reasons of maintaining adequate management efficiency and the flow of investment funds, it was best to appease foreign investors and find a way of harmonising their interests with those of indigenous businessmen. Hence, in the twin commitments to industrialisation and Nigerianisation neither one was to be allowed to fall behind the other, which is to say that neither one was to be allowed to proceed too far at the expense of the other.

(vii) The Military Era 1966-1969

For reasons of analytic convenience and in order to avoid confusing contemporary events with the historical factors which led up to indigenisation, discussion here will be restricted to the period between the first Military coup (15th January 1966) and 1969. The events of the seventies which largely revolve around the oil economy will be treated separately in the next chapter.

The dramatic appearance of the Military on the Nigerian political scene on 15th January 1966 was accompanied by radical pronouncements.

The coup makers themselves were commonly referred to as the "Young Turks". However, the rhetoric did not last long, and did not produce significant alterations of government economic policy. The established course of non-nationalisation and increasing Nigerianisation of many sectors of the economy was maintained. The inherent economic and political difficulties of post-colonial Nigeria, which are usually said to have been largely responsible for the interventions by the military in government, remained unresolved. A change of leadership in 1966 exposed the weakness of those to whom power had been handed by the British. The pretences to power and the illusion of superiority which had been quite peculiar to the first generation of independence political leaders and to sections of the top civil service, was finally shattered by the first coup d'etat. The coup was followed by a continuation of the rise of bourgeois aspirants in the economic sphere.

In the period 1966-69 indigenous capitalists were not created overnight. They were a combination of prominent businessmen in the import/export sector, starting out as distributive agents of transnational firms in the 1950s, and a segment of the dwindling leadership of the first republic. The prospects for material advancement led many members of the earlier political elite to venture into business of one kind or another during the first era of military government. Their ambitions of a political career had, after all, been blocked for the time being by the military.

The core of the Nigerian political elite was composed of nationalist leaders, the traditional ruling aristocracy of the North, Southern Chiefs, senior Civil Servants, leading businessmen, high ranking officers of the military establishment, senior police officers and a handful of economically very powerful representatives of Transnational

corporations. As in the first republic, the new military government pursued policies that benefitted this group. Nafziger and Richter have observed that: "A policy of transferring resources from agriculture to industry through Marketing Board surpluses, agricultural export duties and limited government expenditures in rural areas benefitted the political elite in Nigeria even though they were less involved in the private industrial sector . . ." ⁴³

By late 1969, the oil industry was beginning to gain prominence for the first time, and it rapidly replaced the Marketing Boards as a source of patronage and funds. But even an industrialisation process that was fuelled by growing oil wealth still required foreign capital and skill. Thus the government embarked on a dual process of both encouraging partnerships and restricting foreign capital in certain areas. The military regime announced that it intended to honour all honest and genuine businessmen who were prepared to invest in the country in mutually beneficial projects. It reiterated the established official view that further nationalisation did not form part of the government's thinking. Nevertheless the government was clearly poised to review expatriate enterprise status in the country and in particular to restrict expatriate quota allocations in order to offset mounting unemployment among Nigerians. The government was fully aware that most business establishments had not employed indigenous personnel to their full capacity and were not reinvesting a high proportion of profits in industrial projects. It also noted the reluctance of foreign firms to train or to provide meaningful schemes for the training of Nigerians.

In its seventh month of office the government of General J.A. Ironsi promised to review the progress of the economy and instituted a study group to look into the level of indigenous participation in the economy.

However, the government's intentions were never carried out. This was because of events beyond the control of the regime. A second coup d'etat, in July 1966, ousted General Ironsi and brought General Y. Gowon to power.

Nevertheless a trend towards indigenisation had become increasingly clearer in the second half of the 1960s. The establishment of an expatriate Quota Allocation Board in 1967 was an attempt to limit the employment of expatriates. All existing foreign firms that were public companies were required by the government to have at least two Nigerian directors. The companies Decree of 1968 set out to compel foreign firms to take on more of a Nigerian outlook and to appoint Nigerians to their Boards. This Decree was one of a series of Decrees concerning the economy passed between 1968 and 1969. Most of them displayed an assertive attitude towards foreign companies. Such an attitude is clearly evidenced in the Companies Decree of 1968. The latter Decree is particularly significant for not only was it an essential first step in defining assets which were later to be indigenised, but also it helped to create a psychological atmosphere in which the Enterprises Promotion Decree could be conceived and launched in 1972. The Companies Decree maintained that "All foreign companies incorporated outside Nigeria shall be deemed to be incorporated as separate entities from their former parent companies in respect of their operation in Nigeria as from 18th November 1968."⁴⁴ Thus the Decree required that all affected companies must in future carry the label "Nigerian". The government made its intention known on 16th October 1968, and representatives of affected companies were required to "inform" the Registrar of companies within three months of promulgation of the Decree whether they wished to comply and so continue their operations.

The requirements of the Companies Decree 1968 were not, of course, even so much as an indirect vehicle for nationalisation. However the government did perceive a danger of foreign investors misinterpreting the Decree. The Federal Commissioner of Finance, Chief Obafemi Awolowo tried to explain that the idea of the Decree was far from "backdoor" nationalisation. Its purpose was simply to indigenise alien companies and make them consider themselves as Nigerian concerns. The investment allowances and other concessions were not revoked. Both new and old foreign investors continued to benefit from government incentives. Most of the Decrees passed in the 1960s including the Companies Decree did not in practice affect managerial control. Since the smooth transfer of profits and dividends out of the country were also not impeded, hardly any foreign company felt so strongly about the addition of "Nigeria" to their existing name to warrant disposal of the assets and the termination of their operations.

In 1964 three quarters of the book value of the industrial assets of firms in the country with a value of ₦25,000 or more were owned by the British.⁴⁵ The publication of this impressive statistic by the Federal ministry of Industries in its Annual Report in 1969, stirred a growing realisation among Nigerian academics, economists and politicians of the "sobering fact that political independence is not synonymous with economic independence . . ."⁴⁶ By 1968, foreign investment in Nigeria had reached a total of £377.1 million, with Britain the major contributor, (£202.9 million), followed by other Western European countries and the United States (£86.7 million and £57.7 million respectively). Other assorted sources contributed £29.8 million. Forty percent of the total investment was in the oil and mining sectors and 16.4% in manufacturing industry.

Most of the Decrees concerning foreign companies in the 1960s

did not affect the ownership pattern; and even those that did concern the ownership pattern in 1972 and 1977 were to a large extent to foster and strengthen the partnership between foreign and indigenous companies. This was in a sense to the mutual benefit both of indigenous businessmen and foreign investors. The private indigenous businessmen enjoy from the partnership access to foreign funds and above all management capability. The foreign investor gains greater security of his investment by virtue of having a Nigerian stake in the business. Furthermore, access to state officials and the opportunity to obtain government contracts and other forms of benefit are greatly enhanced by having a Nigerian partner. Partnership brings the benefit of protection under the aegis of national business organisations and associations. As the partnership structure of Nigerian-based enterprises became apparent in the course of the 1960s, business organisations like the Lagos Chamber of Commerce came to speak on behalf of both indigenous and foreign business interests, in expressing grievances against government actions which they deemed harmful to their interests. Thus the tendency of indigenous business even in the early days of colonial rule to act in opposition to European and other alien capital, rather than to accept a secondary role, came to be superseded in the 1960s by the harmonisation of foreign and indigenous interests to a degree hitherto unseen.

By the late 1960s in particular trading had ceased to be by far and away the main activity of some Nigerian businessmen, and an increasing interest came to be taken by private indigenous businessmen in the setting up of small-scale industries. In order to encourage this development, the Federal government embarked upon creating institutional support. The Ministry of Industry established a division toward the end of 1969 with the purpose of assisting new industrialists,

by providing technical assistance to entrepreneurs for the identification of projects and the determination of their feasibilities, and by offering management advice. The most significant assistance was financial. The government set up credit facilities scheme in conjunction with existing banks. Industrial estates were designed. Significant private indigenous efforts at manufacturing in partnership with foreign capital began to substitute imported consumer goods. The increase in these kinds of modest state 'intervention' in the economy was perfectly consistent with a private enterprise philosophy. The reigning belief was that the government would in any case transfer state-owned enterprises to the private sector once they were mature.

In conclusion to this chapter, the dual process of Nigerianisation of public and private sectors, and the pursuit of industrialisation up to 1969 can be divided into at least two phases. First was the period of "open door" policy between 1947 and 1962. In this period, all kinds of inducements were given to private foreign capital to encourage industrial development. Government legislations conferred benefits in the form of tax relief, import duties relief and aid to pioneer industries. Almost unqualified support was given to foreign private investment in Nigeria.

The second phase, which has come to be known as the "realisation phase", occupies the period between 1962 and 1968/9.⁴⁷ The first National Development Plan (1962-1968) started to shift the emphasis away from encouraging private foreign investment, towards providing an environment in which Nigerians could become more involved in the industrialisation process of their own country. Therefore in the "realisation" era, both foreign private capital and private Nigerian sector participation in the industrial sector were considered to be desirable. There was to be yet a further phase after 1969, which will

be discussed in the next chapter.

Historically the industrialisation of Nigeria in the period 1950 to 1960 was characterised by an initial growth process fuelled by foreign capital and management skills. By 1962, and particularly in the second half of the 1960s, the general policy objective of government was to carry out economic de-colonisation. The Nigerian Enterprises Promotion Decrees (NEPDs) in the 1970s were to be the most dramatic extension of this programme of action. It was a logical continuation of the whole de-colonisation exercise which had sought to combine foreign and indigenous capital for economic development. An industrialisation policy which went hand in hand with Nigerianisation efforts eventually brought a few Nigerian capitalists to combine their resources with traditionally exclusive multinational subsidiaries. In some cases also, a few Nigerians, for example Chief Odutala (Lagos), Chief Henry Fajemirokum (Lagos); Alhaji A. Dantata (Kano) and Alhaji M. Deribe (Borno) either single handedly (in the financial sense) or in combination with others, established new industrial ventures with limited foreign capital, technical and managerial participation.

After the 1960s official attitudes towards foreign capital and the accompanying increase in the government's efforts to transfer the economy to indigenes, were made possible by revenues derived from the export of oil. Thus the next chapter turns to an account of the crucially important oil basis of the country's economy and finances which emerged in the early part of the 1970s.

Notes and References

Chapter I

1. Burns, Sir Allen - History of Nigeria (George Allen and Unwin, London) 1963. First published 1929, p. 152.
2. Ekundare, R.O. - An Economic History of Nigeria 1860-1960 (Methuen and Co., London) 1973 p. 90
3. There is no reliable estimate of the number of expatriate businessmen from outside Africa resident in Nigeria. However Rimlinger, G.V. and Stremmlau, C.C. (Indigenisation and management in Nigeria, Nigerian Institute of Management, Lagos, 1973 p.23) estimate that by the mid-1960s the British were the largest number of expatriates, followed by the Lebanese. They give a very conservative estimate of between 15,000 and 20,000 aliens employed in the private sector (including self-employed Lebanese and Syrians). The figure does not include government employees and dependents of aliens. For the years 1970-1975 for example, the Federal Office of Statistics estimated that on average annual immigration of British citizens was 100,674, more than twice the next highest category, Americans (35,281). (See Federal Office of Statistics Annual Abstract, 1981, Table 2.4 Migration). In absolute terms by far and away the largest number of new arrivals (and departures) were Commonwealth West Africans, but of course these were not significant investors (see chapter 6 table I).
4. Burns, op. cit. p. 159.
5. Hopkin, A.G. - "Economic Aspects of Political Movements in Nigeria and in the Gold Coast 1918-1939" - Journal of African History vol. VII No. 1, 1966, p. 151.

6. Ibid. p. 135.
7. Langley, J.A. - Pan-Africanism and Nationalism in West Africa 1900-1945, Clarendon Press, Oxford) 1973 p. 197.
8. Ibid. p. 219.
9. Williams, G. - State and Society in Nigeria (Afrografika, Idanve, Ondo State Nigeria) 1980 p. 31.
10. West Africa reprinted in West Africa, 6/12/82.
11. See excerpts from West Africa 21/10/33, reprinted in: West Africa 17/10/82 and 6/12/82.
12. Langley op. cit. p. 199.
13. Dobb, M. - in Langley op. cit. p. 217 footnote 79
14. Williams, G. op. cit. p. 35.
15. Nafziger, E.W. - "The Political Economy of Disintegration in Nigeria" Journal of Modern African Studies vol..II No. 4, 1973 p. 507.
16. Crowder, M. The Story of Nigeria (Faber and Faber, London), 1978, p. 22.
17. Ibid. p. 214.
18. Hopkins, in Langley op. cit. p. 239.
19. Williams, G. op. cit. p. 47.
20. Langley op. cit. p. 238.

21. See The Final Report of the Parliamentary Committee on the Nigerianisation of the Federal Public Service Sessional, paper No. 6 (Federal Government Printers, Lagos, 1959).
22. Schatz, S.P. - "The Capital Shortage Illusion: Government lending in Nigeria" - Oxford Economic Papers vol. 17 1965.
23. Ademoyega, W. - The Federation of Nigeria (From Earliest Times to Independence) (George G. Harrap, London) 1962 p. 128.
24. Eicher and Liedholm - Growth and Development of the Nigerian Economy (Michigan State University Press) 1970 p. 157.
25. Ekundare, R.O. op. cit. p. 346.
26. Report by the Special Duties Offices' Committee on the Division of Assets and Liabilities of the former Capital Territory 14/3/68 p. 96.
27. The Western and Eastern Regions achieved autonomy in 1957 while the North achieved autonomy in 1959.
28. Dr. Azikiwe was a founder and former Chairman of African Continental bank. At the time of his premiership of the Eastern Region, he "allowed" £2 million of the Region's marketing board fund to be deposited with African Continental bank in which the premier still maintained his interest.

The tribunal appointed by Mr. Lennox-Boyd, the Secretary of State for the Colonies, to inquire into the connection between Dr. Azikiwe and the bank found that Dr. Azikiwe's conduct "has fallen short of the expectations of honest, reasonable people". The tribunal's report concluded that Dr. Azikiwe had "kept his hands on the helm" of the bank since January 1st 1954 despite

- his resignation from the bank. The tribunal found Dr. Azikiwe guilty of misconduct for failing to relinquish his financial interest in the bank when the proposal to deposit public money was initiated. See Nigeria, Tribunal of Inquiry appointed by warrant of appointment dated 4/8/56 Cmnd 51, January 1957.
29. Report of the Advisory Committee on Aid to African Businessmen 1958
 30. The Industrial Development Income Tax relief ordinance 1958, superseded the earlier Aid to Pioneer Industries Ordinance, 1952.
 31. A.W. Ibrahim quoted from Sunsuwa, B.A. - "Indigenisation in Nigeria - A Process of Transferring Ownership and Control of Business Enterprise to Nationals" - The Nigeria Trade Journal vol. 28, No. 1, (Lagos), Jan./Feb. 1981, p. 41.
 32. Ibid. p. 41.
 33. Report of the Committee appointed to advise on ways and means of fostering a share market in Nigeria p. 2, (Federal Government Printers, Lagos) 1959.
 34. See Federal Government Development Programme 1962-68 Sessional paper No. 1, 1962 pp. 11-15.
 35. Belisco, B.I. - The Entrepreneur as Culture Hero (pre-adaptation in Nigerian Economic Development) (Praeger, New York), 1980, p. 187.
 36. See the Statement on Industrial Policy 1964 - Sessional Paper No. 6 p. 1 - Federal Ministry of Commerce and Industry, 18/2/64.
 37. Times (London) 16/5/62.

38. Times (London) 16/1/61.
39. Chief Obafemi Awolowo - quoted from a report by a correspondent in Times (London) 22/11/60, "Investors would not be frightened away".
40. Kilby, P. - Industrialisation in an Open Economy Nigeria 1945-66 (Cambridge University Press) 1969, p. 83.
41. Hilton, A.C.E. - "The changing role of private foreign investment in Nigeria" - in Nigeria: Bulletin on Foreign Affairs, May 1972 vol. 1 No. 4 p. 1. Published by Nigerian Institute of International Affairs, Lagos.
42. Economic Survey of Nigeria 1959 - (Federal Government National Economic Council) Appendix VIIIB: Opportunities for Overseas Investment in the Federation of Nigeria.
43. Nafziger, E.W. and Richter, W.L. - "Biafra and Bangladesh: The political economy of secessionist conflict" Journal of Peace Research No. 2, vol. XIII, 1976, p. 102.
44. See also Section 33 of the 1963 Immigration Act.
45. Nafziger, E.W. op. cit. p. 97, quoted from Federal Ministry of Industries Annual Report 1969.
46. Akinsangbaya, A. - "Host Government's Response to Foreign Economic Control: The Experience of Selected African Countries" - Seminar Paper, Lagos University 1980, p. 10.
47. It was given the label "realisation phase" because it was the period when Nigerians realised that unqualified encouragement and support for private foreign investors was to the disadvantage of the private indigenous sector. See the collection of essays in H. Bienen and V.P. Diejomaoh eds, The Political Economy of Income Distribution in Nigeria (Holmes and Meier, New York and London) 1981.

CHAPTER 2

The Oil Economy and Indigenisation

We have seen in the previous chapter how indigenous businessmen and nationalists began to attempt to create conditions favourable to indigenous entrepreneurs in the immediate post-colonial economy of Nigeria. It has also been mentioned that such conditions were furthered by various State policies intended to promote indigenous capital. However, although a conflict of interest between foreign capital and indigenous actors can be traced back to the nineteenth century, Nigerian aims to translate economic aspirations into practical programmes of action at the national level only became realisable in the late 1960s and the 1970s.

By 1970, and in the period from 1970 to 1974 in particular, the government became more assertive and espoused policies which demanded the transfer of ownership and economic responsibilities to indigenes.¹ In order to facilitate such a transformation, the government was to become involved in the nationalisation of some major sectors of the economy, and to participate on a more limited basis in some other sectors. Yet in this period of transition to indigenisation proper, just as in the earlier periods, cooperation and partnership between private foreign and indigenous capital remained the guiding thread. In fact what emerged after 1974 was not the relegation of private foreign capital to a subsidiary role, but instead a merger between indigenous (both private and public) and foreign capital.

"
The legislative measures taken in 1972 to compel foreign investors to relinquish part of their enterprises did not scare foreign capital away, simply because of the opportunities which were created by the rising oil revenues which were earmarked for ambitious development projects. The 1972 NEPD was itself a product

of the economic and financial environment of the time. The aim of this chapter, therefore, is to review the oil economy upon which the policy of indigenisation was based and by which it was sustained. This requires an examination of those official policies which concern the oil industry and its nationalisation, for these are circumstances which help to differentiate the Nigerian case from the indigenisation exercise in most other black African countries.

To illustrate the significance of the oil industry, the post-civil war development plans, which for the first time stressed indigenisation proper, will also be discussed. The connections between indigenisation and the foreign political policy of the Nigerian government, and the expansion of the country's international trade, will also be introduced.

(1) Nationalisation of the Petroleum Industry

The consideration of oil policy is important for at least three reasons. First, government revenues from oil came to be the vital substitute for the Marketing Board funds of the 1940s and 1950s. They could be used for public development programmes and for fostering private indigenous industrial entrepreneurs. Secondly, the petroleum industry remained as a source of hope for a more general commercial and industrial indigenisation, so long as the international oil market remained stable. The framework of economic and political decisions from 1970 onwards was laid down by the oil revenue upon which government revenues and expenditure and the country's foreign exchange earnings came to depend. All development plans and policies geared towards the promotion of indigenous enterprises were founded on estimates of existing and potential oil revenues. However, although studies specifically of the oil industry have been published at an unprecedented rate in the last fifteen years or so, few detailed

analyses have been made of the role of oil as a strong factor in accelerating capitalist development. The role of oil in the indigenisation programme needs to be underlined.

State ownership and control of the oil industry which generated the revenue necessary to carrying out economic programmes became by the 1970s the most pressing public issue, aside from the need for national reconciliation after the end of the civil war. Hence nationalisation of the oil companies, as well as the commercial banks, was effected soon after the civil war had been brought to an end.

In early 1971, the production and marketing of petroleum and its products, involving around eighty million tons of crude oil per annum, was predominantly undertaken by foreign firms. Concern was increasingly expressed in official and non-official circles even during the war. Finally in 1971, the Federal Commissioner of Mines and Power, Dr. R.B. Dikko spoke about the government's desire to redress the imbalance. It was essential, according to the Commissioner, that the Federal government act in order "to mitigate the paradox of seemingly less indigenous control and economic independence in a situation of increasing national prosperity."² In line with this concern, and as part of an across-the-board effort to increase the participation of Nigerians in the economy, the Gowon regime established the Nigerian National Oil Corporation (NNOC) in 1971.³ A Board of State technocrats, economists and oil experts from the Ministry of Mines and Power was formed to run the NNOC.

The setting up of the NNOC was followed by government acquisition of 35% of the equity shares of the French owned oil company SAFRAF. Even more significant is that the latter signed an agreement with NNOC embracing progressive ownership indigenisation. It was agreed that NNOC would increase its equity shares to 40% when SAFRAF's production exceeded 250,000 barrels per day (bpd), and to 45% when

production was increased to 325,000 bpd, and to 50% if production reached 400,000 bpd. The greater the level of the company's crude oil output, the greater the government's share in ownership.⁴ Also in September 1971, an agreement was concluded between the government and Agip Oil Company of Italy which allowed the Federal government to acquire $33\frac{1}{3}\%$ of the company's equity shares. This agreement also enabled the government to have an equivalent percentage of "effective working interest in participation" with Agip Company and the American owned Philips Oil Company, in oil mining leases in an area of well over 1.3 million areas.⁵

Exports of Nigerian crude oil had commenced only towards the end of 1957, and were the result of a lengthy period of extensive exploration and extraction activities by Royal Dutch Shell and British Petroleum Company. At the time of the first military coup in 1966, Nigeria was producing roughly 400,000 bpd and sold at \$2.17 per barrel. By 1971, the production had quadrupled and the price gone up to \$3.05 per barrel.⁶ Shell-BP was the single dominant company in the production of Nigerian oil, but by the mid-1960s Nigeria started to attract other petroleum companies such as the French SAFRAP (ELF) and the American based Gulf Company. Although other companies had started operations in the 1960s Shell-BP still remained dominant, accounting for the production of 60% of the 2.07 million bpd figure of 1976. This alone contributed 54% of the central government's total revenue. The only private indigenous sector participants in the oil business were Henry Stephen and Son Ltd., "in partnership with Western Petroleum Company (US), Niger Oil, owned by Chief S.L. Edu in conjunction with Monsanto, a private West German company. Chief S.L. Edu was also the director of BP and the Nigerian Petroleum Refining Company. Ado Ibrahim Investment Properties was in partnership with Agip, ELF Nigas, Crown Central of

the USA and Michael Ibru with other assorted companies. This virtual foreign domination of the country's oil industry and the almost total absence of indigenous private capital, is what the State challenged at the beginning of the 1970s, as a first step towards an increase in both State and private indigenous participation in the economy.

Between 1970 and 1972 the government required foreign oil companies to sell up to 35% of their interest to the government. This was not socialist nationalisation. The government expressly preferred the private indigenous sector to enter the oil business, but knew that it was incapable of doing so. One of the reasons for this was of course the existing dominance of the foreign companies. Most Nigerians remained ignorant about the complexities of oil exploration, extraction and its marketing in spite of the inescapable significance of oil to the country's economy. Indeed the indigenous private sector remained largely unable to participate in most aspects of the oil business throughout the whole of the 1970s, government encouragement notwithstanding.

The growth in awareness of the huge oil potential came through in the increased public expenditure targets of the Second and Third National Development plans (1970/4 and 1975/80 respectively).⁷ Moreover the projected ability of the oil industry to generate foreign exchange enabled the Federal government first to conceive the plan of indigenisation and then to strengthen its hands in increasing government participation in the economy and in making more assistance available to private citizens. In short, the emergence of the Nigerian oil industry was a significant catalyst for the indigenisation Decrees.

The oil revenue inflow was accelerated by the government's partial nationalisation of the oil companies between 1973 and 1974. The revenue for 1971/72 was about 640 million pounds, and at the time the

future revenue prospects from the industry were estimated by officials to be far greater. As expected, oil revenue rose from ₦640 million in 1971/72 to over ₦6½ billion by 1974. The motivation for nationalisation lay in the hope of eventual control of the economy; and the high returns from the early steps towards nationalisation only served to encourage the government to increase its participation even further. The nationalisation of most of the petroleum companies did not create havoc in the industry or lead to very antagonistic reactions from the foreign companies; and the ease of achievement seemed to be highly significant at the time. The affected companies did not take any serious counter-measures of disinvestment.

The absence of strong resistance from the oil companies can be explained in terms of their estimation of future prospects, and their accurate judgment that Nigeria would continue to require the companies' exclusive technology and other factors of production and marketing outlets which they controlled. Furthermore, unlike the 1950s and 1960s, the government was quite selective in providing incentives to foreign investors, and continued to favour the oil industry so as to stimulate more exploration. Usually the incentive packages took the form of financial relief which would not have been contemplated in the 1950s and 1960s.

The post-civil war nationalisation of oil set a precedent for attempts at the progressive involvement of Nigerians in running the oil industry. Stressing the importance of private indigenous participation in the oil industry, Mr. P. Asiodu had this to say in 1972:

"all the oil companies under our Petroleum Regulation Decree of 1969 are required to attain at least 70% indigenisation of their manpower within seven years of their operation and therefore to indigenise completely as rapidly as possible. The Ministry is now receiving the results achieved by the oil companies in applying these regulations."

The Petroleum Regulation Decree of 1969 had put government participation as a condition before future licenses and leases were to be granted to foreign companies. Moreover, the second National Development Plan (1970/74) declared that in the future the Nigerian government must play a dominant role in the commanding heights of the economy including oil, and specified public ownership of 55%. The Nigerian National Oil Corporation (NNOC), set up by the government in 1971 to take part in the exploration and marketing of Nigerian crude, was of course a further major initiative, and this Corporation became the sole beneficiary of all future concessions previously enjoyed by the foreign oil firms. The most significant step taken by the government in 1971 was the reservation of 51% shares exclusively for NNOC in the event of new discoveries of commercially viable oil deposits by the five concessionnaires.

Government control of the oil industry, and also other strategic sectors such as the development of an iron and steel industry were strongly supported by the civil service under the military regimes. This might superficially seem to be contrary to a goal of indigenous capitalist development, but a close examination of the military leadership and their bureaucrats reveals that the intention was to guarantee the long term interest of the private indigenous sector as well as the immediate interests of the public sector. Thus the ownership of the bulk of the oil wealth was to be used to spur the development of local capitalism. Mr. P. Asiodu pointed out that:

"the government desires to ensure public sector dominance and control of the industry. It will be the State that will own the bulk of the oil wealth and use it as it sees fit for the benefit of all."

Whether every Nigerian or the majority of Nigerians have been, or will ever become, the beneficiaries of this State ownership remains open to serious doubt. The State cannot yet be said to have

successfully created a modern economy with greater indigenous control by its use of the country's oil wealth.

As has already been mentioned, the government required 35% shares or more in most of the oil companies as a condition for resuming operations at the end of the civil war. Agip Philips Company was the first oil firm to comply and released $33\frac{1}{3}\%$ of its interest, and later in 1973 the government took over 35% of Shell-BP and made known its intention of further acquisition. Likewise, the French State owned SAFRAF (ELF) was made to give up a substantial part of its concession area as one of the conditions for resuming operations. On the government's part this was to some extent motivated by the French government's apparent willingness to give recognition to "Biafra", during the war. By 1974, the government was the major shareholder in all the oil companies in Nigeria, with a minimum share of 51%, up to a maximum of 55%.

The Nigerian government nationalised the whole of the assets of British Petroleum on 1st August 1979. The reason for nationalising BP's remaining stake was only partly to do with national economic considerations. It was also a matter of exercising pressure on the British government to modify its attitudes concerning Southern Africa. The move was correctly interpreted by both the Nigerian Press and Western Press as a direct response to the decision taken by the Conservative government of Britain to allow BP to export North Sea Oil and other non-sanctioned crude to South Africa. The swift response to the British government's decision was premised on the belief that if Nigeria exported oil to Britain, and in turn the latter exported crude (whether or not of Nigerian origin) to South Africa, it was logical that Nigeria would be facilitating Britain's supply of oil to the apartheid state. Furthermore, the Nigerian government's move in 1979 was designed to apply leverage over the British

government's handling of the Zimbabwe (Rhodesia) crisis, chiefly in the direction of encouraging rapid steps to bringing about black majority rule.

The decision to nationalise was taken out of political principle and passion. Nevertheless it did not introduce much of a strain in economic relations between the two countries. The estimated amount of BP assets at the time of nationalisation was about one or one and a half billion Naira. Before the second phase of nationalisation in 1977, Nigeria was contributing, according to a report in the Sunday Times (Lagos) 15th February 1981, a profit of £40 million annually for the production of 10% of BP's total. Considering that already 60% of the Shell-BP interest had been acquired by the government, the subsequent takeover of BP shares was of limited significance to Britain, especially given the extensive development of North Sea Oil which was then taking place. Nonetheless, anxiety was understandably expressed in Whitehall about similar actions which the Nigerian government might wish to take in the future.

As far as domestic opinion in Nigeria was concerned, the mood of the times is well represented by a contribution to the New Nigerian newspaper of 15th August 1979 by the weekly anonymous writer, Candido ("man behind the mask"):

"That BP Affair - A warning to Nigerians".

This reflected the diplomatic frustration which had started the review of economic relations with Britain.

' "The British need not to take umbrage against our action. After all they have had more than their share of Nigerian largesse in the past. They have more than recouped their investment. Now we want to control our economic destiny. Foreign capital is still welcome. But the terms should be fair to both sides."¹⁰

By 1979, 55% ownership characterised government participation in almost all areas of the economy designated as strategic - petroleum,

petro-chemical, iron and steel and fertilizer industries. After 1979, ownership was increased by a further 5%. This increase came as no surprise to the oil companies. Moreover, most members of the Organisation of Petroleum Exporting Countries (OPEC) already had 60% government holdings in their oil industries.

The reaction of Nigeria's private business community to their government's progressive nationalisation of the oil industry, even in the early stages, can be described as passive, owing to that community's acknowledged inability to provide the necessary investment funds and the experience to run the industry. However a very few Nigerians such as Henry Fajemirokumⁿ who had already entered the oil business, were critical and they successfully defended those oil firms which had private indigenous partnerships from government pressure for nationalisation. Generally, the government participation in other, non-strategic areas of the economy was viewed by most members of the domestic business community as only "random encroachment", and whenever indigenous members sought to oppose government participation they attempted to mobilise through Nigeria/US and Nigeria/British Chambers of Commerce the potential leverage of US and British businessmen.¹¹ These Chambers in turn represented their members' interests to relevant government authorities. They also organised conferences in which government officials were invited to be presented with the Chambers' views.

(ii) The Oil Revenue

Having put itself in a position of dominant ownership in the petroleum industry, the State was able to receive huge revenues from the industry. It is helpful in understanding the genesis of the indigenisation Decree (1972) to appreciate the size of the financial benefits which accrued to the government from the increases in oil output. Table I below shows government revenue from oil exploration and production between 1964 and 1974.

TABLE I - Government Revenue from Oil Exploration and Production 1964-1974

	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74
1. Rents on concession.	7,722	8,711	9,897	11,043	12,300	12,802	14,155	16,688	17,175	13,186
2. Royalty	6,691	14,492	23,267	16,294	5,762	30,172	73,044	148,246	168,588	221,935
3. Premia	1,270	241	1,000	-	-	59	2	7,200	1,000	-
4. Profit Tax	399	5,722	5,724	12,034	5,949	23,118	111,716	441,540	506,817	943,880
5. Other	2	9	5,089	2,513	5,571	9,292	20,025	9,363	11,782	10,907
(a) Custom Duty	-	-	-	-	-	-	(19,588)	(6,866)	(9,294)	(7,709)
(b) Other local Taxes	-	-	-	-	-	-	(261)	(2,126)	(1,837)	(2,745)
(c) Fees on OAL	-	-	-	-	-	-	(31)	(197)	(209)	(174)
(d) Others	-	-	-	-	-	-	(145)	(174)	(442)	(279)
TOTAL	16,084	29,175	44,977	41,884	29,582	75,443	218,942	623,037	705,362	1,189,908

SOURCE: The National Accounts of Nigeria 1973-1975.
Fed. Ministry of National Planning Lagos.

Government revenue from the petroleum sector dramatically increased between 1970 and 1974, as a direct result of increased State participation in combination with a buoyant international market and price hikes for oil. This is shown in the following table (II):

Table II

FISCAL YEAR	FED.GVT. CURRENT REVENUE (N,000)	REVENUE FROM PETROLEUM (N,000)	SHARE OF PETROLEUM IN TOTAL REVENUE (%)
1970-71	758,068	218,942	28.88
1971-72	1,305,724	623,037	47.72
1972-73	1,389,911	705,362	50.75
1973-74	2,171,370	1,189,908	54.80

SOURCE: The National Accounts of Nigeria 1973-1975
Federal Ministry of Planning, Lagos.

Between the periods 1958 and 1974, the government received the sum of ₦6,200 million in the form of concessions, rents, royalties, profits, participation interests, premium and other oil related incomes. In 1967 oil revenue was estimated at £N19 million but by 1971/72, the oil revenue was increased to £N224 million (₦640 million). By 1971/72 oil came to provide 73% of the country's foreign exchange earnings. For most of the 1970s oil accounted for around 90%-95% of Nigeria's export earnings and 75% of the government's revenue. Over 90% of the total amount of ₦6,200 million derived from the oil industry accrued to the government between 1971 and 1974, a period when indigenisation through nationalisation was being pursued.¹² Between 1974 and 1979 oil production accounted for 20% of the country's GDP, although inspite of this contribution to the economy, the oil industry's contribution to employment remained relatively very small. For example between 1974 and 1975 the total number employed

in all sectors of the oil industry lay between 4,838 and 5,000. Nevertheless economic policy from 1970 onwards became a function first and foremost of one variable, oil revenue.

After the civil war had been brought to an end, Nigeria engaged in self re-examination; and a review of the role of foreign capital investment was a part of this. In the reconstruction and rehabilitation of the early 1970s, a number of inexperienced indigenous businesses were established to seize the opportunities brought about by the increased levels of oil production and foreign exchange. The government embarked on spending on reconstruction, in which both foreign and indigenous firms benefited as constructors and suppliers. Generally, the lifting of import restrictions which had been imposed on the economy in war time led to an insatiable demand for consumer items. The private sector gained from the oil boom which brought the foreign exchange facilities necessary for the import of various items. The necessity to import, however, seemed to wed private indigenous firms even further into partnership with foreign firms.

The rise of the oil economy from the late 1960s, and in particular the oil boom of 1973/74 pushed the country towards rapid industrialisation and increased the State's ability to finance new physical infrastructures such as roads, bridges, ports, airports, and to set up State industries with foreign technical partners, and to indulge in expenditure on housing, schools and hospitals.

By 1983, the government had established over fifty new industrial ventures either wholly ou^t of its own financial resources or in partnership with private firms. Prominent among these industries were iron and steel, petro-chemical, petroleum refineries, pulp and paper, textiles, vehicles assembly, flour milling, breweries, cement, sugar and salt.

However, the ways in which Nigerian officials handled and

dispensed the oil wealth gave rise to public concern. Many sectors of the economy were neglected. Most important of those has been agriculture, both commodity and food production. The emphasis on industrialisation itself has even now, in the mid 1980s, not yet created the industrial tradition which the country has always lacked. The majority of industrial establishments were and still are in light industry or assembly operations, for example food processing and vehicle assembly plants, run by foreign experts, and the raw materials continue to be imported.

The new enthusiasm for encouraging agriculture which Nigerian governments has espoused towards the very end of the 1970s and in the 1980s can be seen as a response to the grim realities of the dangers which were exposed by the mono-commodity character of the Nigerian economy in the 1970s. It constitutes a judgment on the oil wealth-induced industrialisation policies of the 1970s. The official emphasis which has been formally given by government to the agricultural sector since the mid 1970s, and the very recent more practical efforts which produced targeted spending of ₦1.2 billion between 1979 and 1983¹³, were brought about by the fluctuating nature of the international oil market. However, by 1980 the government had already laid down a pattern of industrialisation, based on oil revenue, which was bound to make any drastic shift of emphasis towards agricultural production difficult to achieve. This is in part because of inevitable resistance from those very groups of people who have developed a vested interest in the maintenance of the by now well-established trend. The identity of these groups is explored in chapter 8 below.

At the time of the NEPD (1972) most large public contracts of the sort which at one time had been awarded exclusively to large foreign firms with a high technical input, came to be allocated to

combinations of foreign and indigenous capital. One rationale for the first NEPD introduced on the eve of a period of heavy State spending, was to ensure that private indigenous enterprise would benefit as well as foreign firms. At the same time the ability to impose the NEPD on foreign investors smoothly and without severe repercussions was only made possible by the oil economy which offered a range of opportunities that were bound to induce most foreign investors to seek to remain in the country.

The result of the "oil boom" on some sections of the Nigerian population was summed up by the former Commissioner of Petroleum, and Chairman of the NNPC, Col. Mohammed Buhari, at an oil symposium in Lagos on 8th November 1976:

"The most glaring thing that the oil has done to us is that it has given an almost embarrassing boost to our capacity to consume foreign goods and it has provided the means to gratify our appetite to consume. It has not improved our capacity for hard work, it has not improved our ability to repair or maintain."¹⁴

Despite the measure of progress which was achieved in improving some infrastructures and the establishment of some new industries in the 1970s, the economy is still to this day far from self-sufficient industrially, and the demands for certain imports such as intermediate manufactured goods have become ever more entrenched. For instance, the establishment of industrial estates which were intended to "nurture" indigenous private enterprises¹⁵, and the provision of government loans through State owned banks to businessmen and other related inducements, have led to the increased importation not only of intermediate capital goods but also of many consumer items.

(iii) Public Finance and Post-War Development Plans

It is the second of two very salient features of typical underdeveloped oil economies which occupies the forefront of public

attention at the present time - namely the stop-go characteristic which is imposed by fluctuations in the international energy market, and which in turn leads to stop-gap external borrowing that can reach burdensome proportions. Current pre-occupations with this feature and its attendant problems should not, however, lead us to forget the first salient historical feature, namely the year-on-year rise in oil revenues of the 1970s which came to be reflected in huge public expenditure increases of successive national development plans.

The second and third Development plans of the Nigerian government reflected the financial strength of the public exchequer which owed almost entirely to oil revenues. The Second National Development plan (1970/74), regarded by outside observers at the time as ambitious, projected a capital expenditure of ₦3.2 billion. The impact of oil on the economic climate can be illustrated by comparing the second and third plans. Whereas the second plan expenditure stood at ₦3.2 billion by 1975, the expenditure for the third plan (1975/80) went up to ₦33 billion, with a further ₦10 billion expected to come from the private sector.¹⁶ The third plan was greeted by some commentators with scepticism. Critics believed that the spending of such huge sums would undoubtedly advantage the private material interests of the military/bureaucratic and members of the business community. This suspicion was well founded, as various tribunal reports on contract awards came to testify later on in the 1970s and in the early 1980s.¹⁷

An indigenisation Decree was first officially hinted in the Second National Development plan document of 1970. The most important aspect of the plan was the role assigned to the private sector in the implementation - a role enhanced by the shift of attention away from welfare and social services provisions, as in the earlier colonial plan of 1945/55, towards the encouragement of import substitution industries and overall economic growth.

Nigerian Development plans before 1970 always looked towards foreign sources for the bulk of finance. For example, out of the ₦110 million which was to be spent on capital expenditure in the colonial plan 1945/55, the British government was expected to contribute about ₦46 million. Likewise nearly half of the amount estimated for the 1962/68 plan which aimed at a 4% growth in production, was expected to come from abroad. Actual recurrent surpluses, government domestic borrowing and resources from marketing Boards formed the internal sources for finance.

Government expectations and hopes for foreign financial sources were never fully realised, sometimes because of the unacceptable conditions that were attached to loans. At the end of each plan period, foreign contributions usually amounted to no more than half of what had been anticipated. The 1970/74 plan put government contribution at 57.7% of the total amount of ₦3,349.9 million (revised figure), while the expected contribution from foreign sources dropped from 45% in the 1945/55 to a mere 19.4% in the 1970/73 plan estimate. As in the two previous plans, the foreign contribution turned out to be disappointing. Accordingly, in the second and third plans, policy makers were forced to seriously consider greater capital self-reliance in an effort to attain their desired objectives of economic development.

The Third Development plan of 1975/80 started with confidence that Nigeria would henceforth rely solely on domestic sources of finance. This proved to be highly optimistic, and by the late 1970s the oil industry ceased to provide steady and increasing revenues. A lack of adequate capital, as much as shortages of executive capacity and well-qualified manpower remain effective impediments to the realisation of self-reliance and total economic control. "The capital shortage illusion" thesis of Schatz¹⁸ for the period of the late 1960s,

which contended that, rather than finance Nigerian entrepreneurs faced problems of feasible projects, management capacity and adequate planning, must now be updated to take into account recent fluctuations in the international demand for Nigerian crude. That is to say, in the light of development plans and expectations which were based on anticipations of large and increasing oil revenues, finance could turn out to be still a very major problem for both the public and indigenous private sectors. It is a problem for the latter because that sector has, especially since 1960, depended substantially on the prosperity of the government and its protective role of, in Schatz's words, "nurturing capitalism".

The Third National Development plan (1975/80) projected investment of N30 billion, in contrast to the 1970/74 plan which estimated only N2,415 million. The public sector investments under the third plan were expected to be N20 billion while N10 billion was expected from the private sector. The Gross Domestic Product at current prices under the third plan was expected to attain an annual growth rate of 9.1% after taking into account inflation. By contrast the anticipated annual growth rate in the 1962/68 plan was only 4%. The phenomenal rise in development plan estimates was directly due to the country's oil revenue. The Federal government revenue of N633 million in 1970 rose to N8 billion by 1977, and it was on this basis that successive "ambitious" expenditure programmes were drawn up and large public works projects were outlined.

The necessity for the construction and improvement of infrastructural facilities in the newly created twelve states of the Federation (1967) demanded adequate financial institutions. Because of the difficulties faced by the indigenous business sector in obtaining loans from expatriate banks, the Federal and State governments decided to solve the problem by establishing their own banks and by indigenising

expatriate ones. A comprehensive indigenisation policy compounded this need. Even before substantive shareholdings in these banks were compulsorily taken over, the Federal government had encouraged banks to at least cultivate an indigenous image by undergoing changes of name¹⁹ and allowing increased indigenous participation in management.

In accordance with the post-war changing moods, in 1971 the three main banks - First Bank (formerly Standard Charter), Union Bank (formerly Barclays Bank) and the United Bank for Africa (UBA) - sold shares ranging between 8 and 11% of their total equity holding to private Nigerians, and began to appoint Nigerians to their Boards. The postponement of the enforcing of these changes until 1972 was mainly due to the belief that the stock market could not cope all at once with such a large volume of equity shares. However, the 40% shares that were eventually taken over by the government, in 1973, did not significantly alter the pattern of control, as the expatriate management remained largely intact. When the indigenous (State) equity ownership was raised from 40% to 60% in 1979, it became necessary for the government to insist that the Chairman and Managing Directors to the Board be Nigerian. As for other small foreign banks, it became equally mandatory to have 60% indigenous ownership, and most of the 60% shares in these banks were taken up by private Nigerians.

Private indigenous participation in the Nigerian banking system became considerable in the 1970s. Apart from the 60% private indigenous shareholding in small banks, at least 12.3% of the equity shares in the three major banks mentioned above came to be owned by private indigènes. However inspite of the accompanying expansion in banking, credit facilities remained restricted and only large borrowers tended to benefit from the credit schemes of the banks. About 80% of the total bank credits were granted to only 8,000 customers who formed just 3% of the total bank customers, and 88% of the customers received

only 6% of the total loan. This concentration of distribution has important implications for the ability to benefit from the opportunities for share acquisition which were made available by the indigenisation programme in general, as will become clear later.

(iv) The Changing International Trade of Nigeria and its Benefits

The connection between Nigeria's trade with the outside world and its indigenisation is not difficult to see. Expanding international trade constituted a major spur to indigenisation. This is because the area where the government saw it could promote domestic private interests most readily was in shifting trade opportunities to private indigenous commercial establishments. A brief overview of salient points of Nigeria's external trade will underline this point.

Increases in the government's oil revenues led to successive increases in the targets of the three national development plans which were drawn up between 1962 and 1980. Implementing these development plans produced a boost in trade in the 1970s. Prior to 1972, foreign private capital was found in both trade and manufacturing. As a significant part of the oil wealth was to be recycled through trade, and since the government had already decided that trading should be dominated by indigenes, the indigenisation policy can be seen to have been spurred on by the expansion of trade which, if left alone, would have largely benefited the foreign commercial firms which had branches in Nigeria.

The country's image abroad both within and outside Africa was one of an oil-rich nation with a large population, an expanding market and buoyant economy. It is on the basis of this perception that Nigeria has attracted many eager trading partners, with the industrial countries of the West and Japan being the main suppliers of imported goods. In 1972, EEC countries accounted for 60% of Nigeria's imports

and 59% of its exports. The remaining percentage was largely with Japan and the USA.

By virtue of historical connection, the UK was the single most important trading partner as well as investor in Nigeria until the end of the civil war. The closeness of Nigeria and Britain in trade owed much to sixty years of colonial rule. Britain had provided infrastructural facilities which continued to require British spare parts. Furthermore, it was always likely that the colonial financial aid granted by Britain to Nigeria would require that the latter continue to buy British goods.

Later, in the mid-1970s Nigeria's trading pattern became more diverse and the UK started to lose ground to other countries, mainly Japan and West Germany. Similarly there has been substantial increase in trade between Nigeria and some other EEC members, principally France and Italy. The reasons for Britain's loss of ground in Nigeria are both political and economic. The frustration and impotence which Nigeria's government felt due to the lukewarm attitude of the British government towards the Federal government's cause in the earlier stages of the civil war, may have given rise to the view that a meaningful independence could only be realised once the excessive trade dependence on Britain was reduced.

The seeming initial hesitation of the British in supporting the Federal government was a traumatic experience for Nigeria's leaders. Britain's attitude was to result in a reduction of the favour which Britain had once enjoyed. More specifically on the economic front, Britain also lost ground because of cut throat competition. A table of Sources of Nigeria's Imports 1948-1974 (in Appendix E) illustrates the relative decline in Britain's position in the Nigerian market between 1948 and 1974.

Although Nigeria diversified its import markets in the 1970s,

the links with Britain still remained absolutely strong due in part to the interest shown by Nigerian businessmen and State officials in London as an international centre of big business, tourism and shopping. Britain remains a significant trading partner, and a large amount of foreign exchange still flows to London. It became fashionable for Nigerian businessmen and State officials to purchase properties there. In 1970 Nigeria maintained a favourable balance of trade with Britain, but by 1981 Nigeria's imports from Britain had reached about £1.5 billion and her exports to Britain had fallen from £350 to £98 million.²⁰ Because of this increasing trade imbalance, the Chairman of the Senate Committee on Commerce and Industries, Senator David Dafinone in 1982 urged the government to base imports on a reciprocal basis. According to the Senator, the now persistent deficit against Nigeria, in its trade with countries like Japan, UK, France and West Germany must be reviewed. In the future, he urged, imports should be encouraged from countries that purchase Nigerian crude oil.

The diversification of Nigeria's trade partners in the 1970s can be attributed largely to the imports of the petroleum economy. As the industrial economies increasingly depended on oil, Nigeria also expanded her international trade. In 1945, the total volume of Nigerian import was just over ₦40 million and thirty years later, this figure rose to ₦1,737.3 million. While her exports for those periods stood at ₦49.3 million and ₦5,794.8 million respectively.²¹

Analysis of the following statistic shows that the import figure of over ₦1,078,907 million in 1971 had dropped to ₦99,064 by 1972. This was²² partly due to the promulgation of the NEPD in that year, when enterprises were busy changing hands. But soon afterwards, import figures increased to ₦1,224,786. The lifting of import restrictions was the enabling cause in the increase in imports immediately after the civil war.

Table III

The Growth of Nigeria's Merchandise Trade 1946-74

<u>Year</u>	<u>Export (N000)</u>	<u>Import (N000)</u>
1946	49,292	40,918
1950	180,446	123,736
1955	265,067	272,238
1960	339,427	431,782
1965	536,538	550,788
1970	885,365	756,419
1971	293,338	1,078,907
1972	1,434,212	990,064
1973	2,278,415	1,224,786
1974	5,794,837	1,737,324

Source: Fajana - "International Trade and Balance of Payment" -
in: Olaloku et al (ed.) Structure of Nigerian Economy
p. 225 (from Federal Office of Statistics Trade Report
Annual Abstract of Statistics and Economic Indicator).

Import business improved considerably, satisfying the previously suppressed consumer demands of sections of the population, and led to a boost in general commercial activities. Further, both the Federal and State governments increased spending on the importation of construction items and general goods and services in the reconstruction effort. In general, the post-war trade boost improved the financial base of Nigeria's private sector, and this was particularly noticeable among indigenous firms with respect both to individual capital accumulation and to the expansion in number of businesses.

(v) The National Economy and Foreign Policy

The connectedness of the state of a nation's economy and its

foreign political and economic strengths are obvious enough to all governments, although the precise nature of the connections are not uniform and everywhere the same. Of all the governments in Nigeria, the Obasanjo regime (1976-79) was the one that most explicitly demonstrated the relationship between a strong, indigenously determined economy and an independent foreign policy. Soon after assuming office, the regime made its ideas known on domestic economic policies and the relations with the outside world.

Nigerian foreign policy between 1960 and 1970 underwent three distinct phases: The 1960-65 foreign policy of Prime Minister Tafawa Balewa had been low key and moderately conservative. It was quite compliant with the arrangements and agreements made during the 1950s with the British. However, this foreign policy was already regarded by many radical politicians and intellectuals as unacceptably subservient, especially by the so-called "Young Turks" who led the first coup in 1966.

The second phase spanned the period from 1966 to 1975. Nigerians felt during that phase "bruised" by the initially equivocal position of Britain over "Biafra" secessionism.

The third phase was inaugurated in the mid-1970s by the Mohammed and later the Obasanjo regime. This has been characterised as "assertive" and "interventionist"²², although we should note that the help which was extended to left wing movements in Angola, Zimbabwe and Mozambique in no way betrayed a change in domestic ideological stance. At home, the government continued on a strongly capitalist path.

An expressed central feature of Nigeria's foreign policy during the third phase has been to create "the necessary political and economic conditions . . . which would foster national self-reliance and rapid economic development."²³ Conversely, a strong self-reliant

economy has been seen by the government to underwrite a credible foreign policy that would benefit a country such as Nigeria, Africa's most populous country and, at the time, financially strong. To bring about the realisation of this objective, the Adedeji panel, set up by the government in 1975 to investigate links between the national economy and foreign policy, stressed a strong economy as a pre-condition for the successful conduct of non-commercial relations with the outside world. The imperative to indigenise the economy even further in 1977 was in part conceived as an indirect attempt to give more impetus to the new government's drive towards a more "assertive" foreign policy.

Nigeria's foreign policy between 1970 and 1979 was undoubtedly underlined by economic factors, and in particular the diversification of the sources of import supply and the increase in exports. Foreign policy had been tailored to serve what officials saw as the national interest, and such interest could only be served if due consideration was given to Nigeria's traditional partners in trade and those on whom it depended for investment, equipment, machinery spare parts, and skills. However with the dawning of a perception of a world energy crisis in the early 1970s, oil came to be a very crucial commodity internationally. Nigeria, responsible for 7% of OPEC's total output (Nigeria had joined OPEC in July 1971), began to attract the attention of industrial countries and their governments, eager to assume reliable sources of energy supplies. Under Obasanjo, the Nigerian government's awareness of its importance to the industrial economies both as a source of oil and also as a potential market for their manufactured goods, became a significant factor in diplomatic and political encounters with Britain and the US, especially over southern Africa. As has been noted already, a divergence of views over South Africa and Zimbabwe prompted the complete nationalisation of BP's Nigerian interests; and

also, for a brief period, restrictions were placed on British contractors tendering for government projects. Likewise the nationalisation of substantial parts of Barclays Bank (Barclays' interest was reduced to a mere 20% in 1979) was connected to the bank's business involvement in South Africa.

The precariousness of depending on OPEC suppliers for oil, the series of nationalisation and other control measures which were enacted in most oil producing states of the Third World in the 1960s and 1970s, along with the likelihood of oil being turned into a political weapon, jolted the oil consuming industrial countries in the early part of the 1970s. With varying degrees of success they took up energy conserving measures and sought alternative sources of energy, thereby reducing their dependence on, for instance, Nigerian crude. The consequences were far-reaching. Firstly, a reduction in demand for Nigerian crude ensued and this has meant a cut in the revenues upon which depended not only public capital projects but also the prosperity and development of indigenous industrialists and entrepreneurs. Secondly, the country's assertive foreign policy stance came to be blunted as the demand for its crude began to decline, although the retirement of Obasanjo and the return to civilian rule under President Shagari in 1979 might also have been partly responsible. The demand for Nigerian crude and prices started their most serious decline in 1980/81, but for most of the 1970s the country's holdings of foreign exchange remained a strong element in diplomatic matters. Nigeria's holdings of pound sterling constituted a particular source of attempted leverage over the British government. However, the rather clumsy deployment of this financial muscle in 1975-6, when sterling holdings were deliberately substantially reduced, could not overshadow the much greater economic power which Britain has always had and continues to possess. A sensible and realistic appreciation

of this situation in Nigeria, notwithstanding the relatively insignificant power of sterling holdings, gave even greater impetus to indigenisation, in the mid-1970s. In short, indigenisation would, in theory, enhance Nigeria's economic strength and thereby give backing to the government's wishes and aspirations in international relations.

Nigeria of course has foreign relations not only with western countries but also with other African states. A few African countries came out in support of "Biafra" during the civil war, but these countries had hardly any economic ties with Nigeria which would enable the Federal government to take the sort of retaliatory measures which were taken against France. In fact the recorded volume of trade between Nigeria and the Economic Community of West African States (ECOWAS), which was established in 1975 and of which Nigeria is a founder-member, was just about 1.6% of Nigeria's total external trade in 1978. Trade with East African countries including Tanzania which accorded "Biafra" recognition, is negligible.

Sixty percent of Nigeria's export to Africa in 1979 went to Ghana alone, while 50% of its African imports were from Senegal and Niger. This continental trade only amounted to 2% of Nigeria's total volume of trade.²⁴

A generous attitude by the Federal government of Nigeria towards other members of the Economic Community of West African States has been urged by some of Nigeria's own foreign policy experts. However this advice has tended to be persuasive only as long as the sense of oil-induced prosperity prevailed. One example of generosity was sales of oil by the government to ECOWAS members at \$2.50 less than the normal price, even as late as 1981. Another example concerns the relationship between Nigeria's indigenisation and citizens of other African countries.

In many African countries where a policy of protection of indigenous business interests against foreign economic interests has been adopted, non-nationals of African origin including Nigerians have been adversely affected.²⁵ In Nigeria, the decision to indigenise the economy was definitely not taken in response to measures taken against Nigerians by other African countries. The leadership posture which Nigerian governments had already begun to assume in Africa by 1970, did not allow actions that would tarnish their image on the continent. Hence inspite of the expulsion at different times, of Nigerian citizens from Equatorial Guinea, Congo and Ghana, the Federal government has consistently allowed non-Nigerians ^{to remain even} after the promulgation of the indigenisation Decrees.

The long-term and, perhaps, somewhat visionary aim of economic integration of the African continent as the means of freeing African countries from economic dependence on the North, is perfectly consistent with practising an indigenisation policy which allows citizens of Organisation of African Unity (OAU) countries to operate in Nigeria. The early 1970s marked the beginning of a concerted move in West Africa to effect economic changes not only at the national level but also at a regional continental level. The formation of the nucleus of what was to become ECOWAS, involving Togo and Nigeria in May 1972 reflected the value which the Gowon government in Nigeria placed on taking steps towards some eventual goal of collective economic self-reliance. Like Nigeria, Togo too was concerned about its dependence on foreign investment. In 1972, over 70% of its industrial and commercial establishments were owned and controlled by foreign private investors, although the Togolese had already made considerable progress in petty trading and retailing.

Nigeria and Togo together launched the economic initiative that was to form the ECOWAS, finally established by Treaty in 1975. Apart

from encouraging the formation of the economic community of West African states, Nigeria also became increasingly involved in the pursuit of Africa's economic emancipation in other ways. Nigeria has made investments in agricultural and industrial joint ventures in several African countries. Examples are the joint commissions with the Republic of Benin in cement and sugar production, with Guinea, Niger and Liberia in the development of iron ore and uranium industries, and with Swaziland in the production of sugar. Furthermore, Nigeria has been the most substantial contributor to the African Development Bank (ADB) and Nigerian Trust Fund (NTF) from which other African countries benefit. In the final analysis Nigeria's direct and indirect participation in the economies of other African countries might bestow on Nigeria a leadership role in international issues affecting African peoples. This is a major point which the designers of indigenisation policy might have wished to score. The NEPB recommended to the government in 1983 that at least 20% of locally manufactured products be exported to ECOWAS region.

In summary and conclusion to this chapter, it can be said that Nigeria has for a time been able to cope with indigenisation better than have most African countries, because any capital outflows which were occasioned by indigenisation could be financed out of oil revenues, and because of the obvious attraction of the oil economy to foreign firms. The public sector did not face serious financial obstacles until the end of the 1970s.

The level of financial resources generated by the oil industry between 1970 and 1974 was such that the need for foreign private capital could be viewed as peripheral to the country's development prospects. The analysis of the impact of oil on indigenisation policy is crucial to the political economy of Nigeria. The description of the Nigerian economy in the 1970s as one based on the "petro-Naira"

testifies to this significance of oil.

Corresponding to the changing pattern of Nigeria's economy was the emergence of a group of wealthy indigenous commercial capitalists and small scale industrialists. On the whole, it has been possible through indigenisation to use the oil revenues to assist private indigenous businesses. Nevertheless the majority of the population may have become no better off for the experience, and may even be worse off than in the pre-oil boom days. General price inflation, declines in agricultural production throughout the 1970s, and population migration from rural areas to the cities leading to overcrowding there, have been some of the adverse effects of the oil boom. Perhaps above all, the policy of indigenisation, has added to and served to aggravate the threats posed by these problems by exacerbating the already wide gaps in income levels which exist in the population as a whole. This theme is returned to in chapter six.

Notes and References

Chapter 2

1. In spite of such measures, "oil firms still beat indigenisation law" according to Mr. C.O. Oyibo, manager of petroleum inspectorate, NNPC Warri. He asserted that the personnel of foreign oil companies are not only dominant in decision-making over production, but also slow in Nigerianising their indigenous personnel - see report by Sunday Concord, 2/12/84.
2. Dr. R.B. Dikko - reported in Nigeria Today (London) October 1971
3. On the 1st April 1977 NNOC was replaced by the Nigerian National Petroleum Corporation (NNPC) as a result of Decree No. 33. The new corporation was a merger of NNOC and some divisions of the Ministry of Mines and Power, and petroleum resources.
4. Nigeria Today, op. cit.
5. Ibid.
6. Kirk-Greene, A. and Rimmer, D. - Nigeria Since 1970 (Hodder and Stoughton, London) 1981 p. 84 (table 11, original sources - CBN, Economic and Financial Review (production figure) and UN Monthly Bulletin of Statistics (prices)).
7. See pages 98-103 below for details.
8. Asiodu, P. in Bulletin on Foreign Affairs, vol. 4, May 1972, p. 45, Nigerian Institute of International Affairs 1972.
9. Asiodu, P. - Africa Confidential vol. 14 No. 23 November 16th 1973, p. 5.
10. New Nigerian 15/8/79.

11. This was alluded to in Africa Confidential vol. 12 No. 25, 17/12/71.
12. Madujibeya, S.A. - "Oil and Nigeria's Economic Development" in African Affairs, vol. 75 No. 300, July 1976, p. 287.
13. This figure of N1.2 billion was given by A.A. Ciroma, the Minister of Agriculture in 1982.
14. New Nigerian (Kaduna) 27/11/76.
15. See the case study of Yaba Industrial Estates by Schatz - "The High Cost of Aiding Business in Developing Economies: Nigeria's Loan Programmes" in Oxford Economic Papers 1968 vol. 20, p. 428.
16. Africa Guide (Essex) 24/1/77, p. 204.
17. See for example the Report of the Ministerial Committee on the Causes of the Excessively High Cost of Government Contracts in Nigeria (1981), which concluded that the cost of comparable government contracts in Nigeria is 200% higher than in Kenya and about 130% higher than in Algeria. The Report of Tribunal of Inquiry into the Nigerian Agricultural and Co-operative Bank Ltd. (Kaduna), 1980 revealed similar discrepancies.
18. Schatz, op. cit.
19. Changes of names subsequently took place after 1976.
20. See The Guardian (Lagos) 26/10/82. The UK was becoming increasingly self-sufficient in oil and, accordingly, dramatically reduced her import of Nigerian crude.

21. The Federal Office of Statistics, Trade Report Annual Abstract of Statistic and Economic Indicator, from Fajana, O. - "International Trade and Balance of Payment" - in Structure of the Nigerian Economy, edited by Olaloke, F. et al (Macmillan Press, London, and Lagos University Press) 1979 p. 225.
22. Kirk-Greene, A. and Rimmer, D. op. cit. p. 46.
23. New Nigerian (Kaduna) 26/2/77.
24. IMF Direction of Trade (Washington) 1980.
25. Examples are Zaire and Ghana in the late 1960s. For a detailed discussion of alien expulsion in West Africa, see Peil, M. - "The Expulsion of West African Aliens" in Journal of Modern African Studies, vol. 9 No. 2, 1971.

CHAPTER 3

The Aims and Objectives of The Nigerian Enterprises Promotion Decrees

1972 and 1977

In this chapter the aims and objectives of the Indigenisation Decrees will be examined. Before proceeding, however, it should be reiterated that indigenisation is a continuous process of economic rearrangement, and that no fixed time scale has ever been given by the Governments in Nigeria for the full realisation of the general goal. Therefore the separation of the 1972 and 1977 Decrees may be somewhat arbitrary. The 1972 Decree was the first practical legislative step taken for a progressive movement towards the development of an economy largely dominated by Nigerians. The 1977 Decree provided for a continuity of the basically capitalist developmental strategy which had been advanced by the earlier Decree (1972), with only marginal adjustment. The Nigerian Constitution which ushered in a return to civilian rule in 1979 included a provision that the government of Nigeria would continue to make changes in the ownership, control and management of the economy as circumstances necessitated in the future.

The intention of this chapter is to examine the economic, political and social arguments presented for indigenisation and what the Decrees were supposed to achieve.

(i) The Official Account of the Nigerian Enterprises Promotion Decrees

The objectives of the indigenisation Decrees were derived from the Development Plans of 1970/74 which conceived indigenisation as a logical continuation of the Nigerianisation pursuit of the previous three decades. The NEPD was launched in 1972 to fulfil the second Plan's objectives. These official objectives are: the creation of opportunities for indigenous businessmen; the maximisation of local retention of profits, through a reorganisation of the ownership structure of the economy in favour of domestic capital; and the raising

of the level of industrial intermediate capital goods production. The last was to be achieved by compelling the alien business community to move into more capital-intensive and more technologically advanced production, particularly in manufacturing.

The three stated objectives were also central to the 1977 NEP Decree. Brigadier Shehu Yar'Adua, Chief of Staff, Supreme Headquarters, stated in 1976 that the "objectives for the first phase of the indigenisation exercise still remain valid for the second phase . . ." ¹ The second NEP Decree made changes in the number of businesses and the level of ownership covered by the 1972 Decree. Having increased the number of enterprises under Schedule I and II, the 1977 NEP Decree also covered all unaffected enterprises under a third Schedule. However, Nigerian ownership under the new Schedule III was limited to 40%. In Schedule II, 60% of shares were to become Nigerian, and 40% foreign. The most striking difference between the two Decrees is the addition of what government spokesmen called an "egalitarian" objective to the 1977 Decree.

Dr. A. Adedeji, the former Federal Commissioner of Economic Planning, and one of the chief architects of the 1972 Decree, clearly stated that "the primary purpose of indigenisation is economic decolonisation, the reduction of economic dependence and the achievement of an increasing measure of self-reliance through internally located and self-sustaining growth. Once we define indigenisation in this way, we have to relate our analysis of the problem to its political base." ² Nobody is better placed to describe the objectives of indigenisation in Nigeria than the much respected Dr. A. Adedeji. He claimed the economic motives of indigenisation to be pre-eminent and yet also acknowledged that political factors must play an important part in the formation and execution of the NEPDs. The configuration of economic forces in the country and the private and

sectional pressures on government have significantly influenced post-colonial administration in Nigeria in the direction of greater indigenisation. Nigeria's method of achieving the very "economic autonomy" which was supposed to complement political independence can be seen in the government's indigenisation programme.

To compound the overall intentions of indigenisation, in a widely reported speech, General Y. Gowon, then head of State, during a state visit to Britain in 1973 provided an official summary of the perceived essence of the 1972 indigenisation Decree. He claimed that the government was consolidating political independence by doing all that it could to provide more participation by Nigerians in economic life while attracting more investment in sectors of the economy where Nigerians are not yet able to rely on themselves. The same arguments for indigenisation were presented by one of his successors, General O. Obasanjo in a speech to members of the National Institute of Policy and Strategic Studies in Jos on 3rd September 1979. He reiterated that "meaningful development and transformation of our society can only be achieved through self-reliant and self-sustaining economic programmes and policies . . . the idea of a self-reliant and self-sufficient nation is something which must be pursued." The NEPD came to form the policy instrument for the realisation of those pursuits - namely "economic independence", political stability and social progress at large. In all the interviews conducted, and discussions held with government officials, including NEPB and NEPC staff in the course of preparing this study of indigenisation, one question on which there was unanimity was on the original officially declared aim of the NEPD - namely economic independence.

Furthermore a strong economy controlled by the indigenous business sector, was seen by officials of the Gowon regime as a cornerstone of domestic political stability; and in addition, as a necessary condition

for a stronger voice in international diplomacy by the Obasanjo Government which followed Gowon. Successive Nigerian governments have also been quite clear on the necessity of domestic political stability, which is hardly surprising given the traumas which were experienced during the civil war.³ The realisation of socio-economic prosperity and political stability are supposed to be aided by the redistribution of wealth from foreigners to Nigerians. In this regard the denunciation by a few radical intellectuals of "exploitation" by capitalists who are also foreigners, has been far less influential than elite perceptions of external economic domination of the country and the claims of rising indigenous businessmen.

The indigenisation of the economy was aimed partly at a change of enterprises ownership in favour of indigenes, through a gradual, step by step transition, and partly at the retention of a greater share of the profits generated in the economy through indigenous ownership. The government would gain leverage in conducting effective development programmes. Accordingly, it has been argued that "while political self-determination is philosophically desirable as the inalienable right and ultimate goal of any country under a foreign rule, what is needed to make it meaningful, and to translate available resources into national prosperity is a firm economic base."⁴ In the government's view this economic base can only truly benefit the country if it is formed and controlled largely by Nigerians. The belief that economic independence was imperative as a precondition for development only came to be fully realised with the first development plan (1962/68).

The sense of a need for indigenisation became most compelling towards the end of the 1960s. Political independence did very little to change the lives of the mass of the peasants and workers in the country. Moreover, the frustrating situation of unsatisfied expectations among the literate and semi-literate, particularly employees (manual

and non-manual) of expatriate companies who had played a part in the agitation for the Nigerianisation of personnel in the economy, coupled with an awareness of the deepening of the dependence of the Nigerian economy on the Western industrial countries, became acute. Nigeria had imported capital goods, technology, skill and machinery parts since colonial times. By 1970, the dimensions of this reliance were found to be quite alarming (see table 3 chapter 2). The hesitance of what Nigerian leaders considered a traditional ally, in this case Britain, to lend support to the Federal government and the payment of oil royalties by some oil exploration companies to "Biafra" at the initial stage of the civil war also heightened official concern. Indigenisation was therefore in part a product of the civil war, which led officials to seek greater economic security for the country.

The nationalisation of parts of the oil industry, commercial banks and insurance companies in the very early 1970s reflected in part the heightened concern of the government about the levels of foreign capital participation in the Nigerian economy. The development of the oil industry certainly enabled the government to contemplate a transformation of the economy in favour of indigenes. The Federal government came to a conviction soon after the end of the war that foreign capital in many non-strategic areas of the economy had been an impediment to the development of indigenous entrepreneurs, and had not aided development adequately. The government's view was that if foreign capital was reorganised and its activities limited to certain closely defined areas, and partnership encouraged with existing and new indigenous enterprises, then the country would gain much greater benefit from foreign capital investment.

It was the release of the Federal Government's National Development Plan (1962-68) in 1962 that first indicated official thinking about restructuring relationships between the country and its foreign business

guests, but the civil war (1967-70) intervened. The second four year National Development Plan (1970-74) which was to have followed the First Plan, was even more explicit. The NEPD finally emerged in 1972.

(ii) Uncertainty of State Participation

The Federal government, in the pursuit of "economic independence", resorted to partial nationalisation in banking and insurance in 1973, contrary to earlier statements that such measures would be avoided. The 1968 policy of the Federal government on Statutory Corporation and State-owned Companies clearly stated that "corporations and State-owned companies should neither be scrapped nor translated into Government departments . . ." ⁵ Whether or not the nationalisations which have occurred turn out to be a relatively short-lived phenomenon, depends on a host of factors including the performance of the parastatals themselves, changes in the leadership and the long term effects of the indigenisation. The private sector has yet to show an ability to take over from the State, and the government comes increasingly to acquire a vested financial interest in the maintenance of State ownership.

The promulgation of the 1977 NEPD, involving yet more enterprises (81) ⁶ may have been motivated by the desire of government to enjoy a larger share of the direct benefit of Nigerianisation, namely the purchase of shares. However, the purchases by the State and Federal governments, which were made out of a desire to gain access to a flow of annual dividends, could yet defeat one important purpose of indigenisation, namely the growth of the private entrepreneurial ability of Nigerians. Many Nigerian businessmen, including late Chief Fajemirokun, Chief Akin-George and other notable business personalities have complained about the role of the State in competing head-on with the private sector.

State governments have tended to hold on to the shares which they have bought, contrary to initial declarations about withdrawing in the

future. When General Obasanjo came to power in 1976, the Federal government also affirmed the principle of maintaining existing State ownership. It did not commit itself to de-nationalisation. At best, the then Chief of Staff Supreme Headquarters, Brigadier Shehu Musa Yar'Adua assured the private sector that "The government is not embarking on creeping nationalisation." But he added: "it is the intention of government from now on to consolidate what gains have been made and ensure that the real objectives of government including increased equity ownership and the speeding up of the process of acquiring management and technological proficiency are achieved."⁷ However, with the return of government to civilian rule in 1979, indications were given that both de-nationalisation and de-indigenisation could come to be placed on the political agenda at some future date.

The future de-nationalisation of government owned enterprises is at the time of writing difficult to predict. But what is fairly clear from past and present policy statements, is the consistent determination of successive governments in Nigeria to pursue a development policy which is compatible with the enlargement of a private indigenous entrepreneurial group.

The extent of direct State participation will remain contingent upon the prevailing political climate and also the level of business maturity among the private indigenous investors.⁸ Moreover any commitment by Nigeria's top political leaders to economic development by the private sector may yet have to compete with the rise within the ranks of government bureaucracy, both at Federal and State levels, of an even stronger desire to retain existing State ownership and management of enterprise. In addition, the Nigerian Trade Unions and the Nigerian Labour Congress (NLC) are strongly in favour of retaining State ownership of enterprises that were originally developed by the State. In the long term this situation may engender a conflict

of interest between the State bureaucracy and Labour Unions on the one side, and the business community on the other. But it is only when a stronger political consciousness in one or other of these two groups becomes manifest that the State will be forced to move either towards more public ownership, or alternatively to de-nationalisation. On balance, on the basis of past and present officially-reiterated objectives of increasing the opportunities for indigenous businessmen, the privatisation of State industries might seem to be the more likely in the long run.

(iii) Foreign Investment

Relative to other African countries (except South Africa), Nigeria has enjoyed the largest share of total Western investment in Africa. At the end of 1966, foreign investment both long-term and short-term stood at ₦733.6 million, excluding the banking sector. In spite of the civil war, in the later part of the 1960s private foreign investment grew at an annual rate of 8.2%, and at the end of 1970, the official estimate was ₦1,003.2 million. According to CBN reports, investment in the mining and quarrying industries accounted for about 47.2%, while in manufacturing and processing, which the government was keen to encourage and develop, total investment accounted for only 21.2%.

Furthermore, in spite of indigenisation foreign investment in fixed assets between 1966 and 1977 trebled to ₦2 billion with British sources providing nearly half the total; followed by the U.S. with 30%. Britain invested ₦750 million between 1966 and 1977. Investment in the oil sector was 50% of the total foreign investment in 1966. By 1977, it had fallen to 39%, due partly to the nationalisation measures. The non-oil sector had a 60% share in total foreign investment.⁹

In 1977, about 39% of total foreign investment was in the oil

industry alone. The government has always entertained the suspicion, rightly or wrongly, that most foreign private investment is fundamentally geared towards making a quick profit. The failure of the government's fiscal incentives which were aimed at securing a mutually beneficial foreign private investment in areas of the economy that are not necessarily productive of quick profits, gave additional support to the government's decisions in the 1970s to adopt measures of nationalisation and indigenisation. The previous incentives were sharply curtailed.

Even more worrying to the government and indigenous businessmen alike was the pattern of ownership in investment prior to 1972. For example in 1963 about 68% of the equity of all the large-scale industrial establishments was foreign. The domestic private sector accounted for only 10%, the three regional governments held 19% and the Federal government owned 3%. The domestic private and the public sectors combined held only 32% of the total equity shares invested in large scale industries.

The pre-eminence of foreign private capital in the Nigerian economy had not lessened in the 1960s. By 1966, six years after Nigeria's political independence, foreign private investment comprised no less than seventy percent (70%) of total investment in some individual industries. On the whole no less than 70% of all industrial establishments were owned and managed by foreign investors. It is quite understandable in the light of these facts, that members of the indigenous business community, government officials, politicians and the intelligentsia in the country should demand a substantial shift in favour of Nigerians. The NEPD of 1972 was intended to achieve precisely this. There had been no change in the picture of large foreign ownership and participation, as late as 1970, just two years before the first NEP Decree and the year in which the Second National Development Plan was launched. According to a case study conducted by

Teriba, Edozien and Kayode, out of 1,320 businesses representing about 80% of all companies registered in Nigeria in 1970, Nigerians held less than 40% of the equity shares of the total number of Nigerian and non-Nigerian companies covered in the survey.¹⁰ The balance of 60% shares were comfortably in foreign hands.

In the early 1960s Chief Obafemi Awolowo, the then Federal Commissioner of Finance is on record as having said to foreign investors: "Come to our aid in the meantime but in due course we will buy you out."¹¹ In 1970, a government in which the Chief was one of the most influential figures in economic policy-making, now started to put into effect the view which he had first expressed at a time well before the country's oil potential was fully appreciated. With increasing petroleum exports and substantial foreign exchange inflow in the 1970s, it was not surprising to see a military regime which included some political figures who had been outspoken towards foreign private investment in the past, pursue a path that ultimately would lead to indigenisation. A new breed of technocratic civil servants, professionally qualified and trained, working under a strong nationalistic sentiment at the centre, lent their support.

(iv) Profit Remittance

"Earning leakages" and other forms of money transfer out of the country instigated by foreign investors were a cause of official concern and discontent which was expressed as early as the Second Development Plan (1970/74) document, prior to the NEPD.

The "excessive profit"¹² level and the unacceptable level of remittances by transnational subsidiaries had been trumpeted by radicals and socialists in the country for a long time, and, quite typically, has led to some allegations of foreign "exploitation"¹³. Such expressions of concern outside government have not fallen on deaf ears. Public officials also have for many years been aware not

only of the simple fact of the country's dependence on foreign capital but also of the annual cost to the country's balance of payments of that dependence. Writing on "Multinational corporation in the Third World (a threat to national independence)" P.F. Wilmot, a lecturer at ABU, claimed in 1978 that UAC (Nig.) "made pre-tax profits of 92 million Naira on a paid-up capital of ₦40 million (in 1976). Even after taxes UAC's profits were still over ₦6 million higher than share capital."¹⁴

Most foreign companies' declared profits remain relatively higher than those of indigenous companies. John Holt's declared profit for 1967/8 was £N853,000, whereas the Daily Times¹⁵ made a profit of £N201,089 in 1969. Lonrho's total profit in 1969 was £N13½ million.¹⁶ Amalgamated Tin Mines of Nigeria (part of the London Tin group) made a pretax profit of £N765,000 in 1970, Costain Nigeria's net profit for the year 1969 was £N810,311. A.O.O. Nigeria (subsidiary of the London Tin corporation) record a profit of £N2,004,145 in 1969.¹⁷

The recorded sales and profits of the most dominant foreign company in Nigeria, the UAC (Nigeria) Ltd. is shown below.

Table I UAC (Nigeria) Ltd.'s Sales and Profits 1972-1976

Year	1972	1973	1974	1975	1976	% increase 1972-76
Sales ⁺	201,560	213,403	248,401	395,071	576,065	185.8
Profits ⁺	14,993	17,139	30,472	57,925	91,293	508.7
Profits as % sales	7.44%	8.03%	12.27%	14.66%	15.84%	212.90%

⁺ (Thousands of Naira)

Source: P.F. Wilmot: In search of Nationhood (The Theory and Practice of Nationalism in Africa), Lantern Books Lagos 1979, table 8, p. 140.

The profits derived by the foreign oil companies before nationalisation in the 1970s were much higher than those of the foreign companies in the commercial sector. Table II below shows the assets and profits of the oil companies in Nigeria in 1963.

Table II Assets and Profits of major MNCs 1963

<u>Company</u>	<u>Assets £ million</u>	<u>Profits £ million</u>
Standard Oil of New Jersey	3,800	240
Shell - BP	3,300	180
Gulf	1,700	120
Texaco	1,700	140
Secuny - Mobil	1,500	68
Standard Oil of California	1,200	100
British Petroleum	900	65
Companie Francais Petroleum (CFP)	600	42
Others	1,250	45
TOTAL	16,550	1,000

Source: S.A. Aluko and M.O. Igere (1965) "The Economics of Mineral Oil" Nigerian Journal of Economic and Social Studies, 7: 210 - in Onimode, B. - Imperialism and Underdevelopment in Nigeria (Zed press London) 1982, p. 142.

The awareness of profit and dividend remittance was heightened further by payment in foreign exchange of interest on capital, foreign contractor services, suppliers' credits, rent and other service charges in the early and mid 1970s which owed to the general increase in economic activity. For example the Federal Commissioner of Finance, Chief O. Awolowo's 1969/70 budget speech indicated that £1,150 million be spent on "National Reconstruction and Development", largely to be financed from domestic resources, and out of this amount £25 million would have to be paid to foreign creditors. The CBN's overseas reserves

at the time totalled only £37 million, and so overseas payments were bound to cause problems for domestic planning. These situations help to shape a climate of opinion in Nigeria that was conducive to demands for indigenisation. The desire also to share in the profits made by foreign companies with both the public and private indigenous sectors remained a strong spur to the indigenisation Decrees.

Since the ownership of enterprises under Schedule I of the 1972 NEPD were in any case largely Nigerian-owned even before the 1972 NEPD, it is obvious that the NEPD could do little to raise the level of profit retention there. However, with respect to Schedule II and III enterprises of the 1972 and 1977 NEP Decrees, Nigerian ownership prior to the Decrees was minimal. For example while in 1967 the Nigerian ownership of enterprises under Schedule I was about 56.0%, under Schedule II it was just about 3.24%¹⁸ and enterprises under Schedule III of the 1977 NEP Decree were entirely dominated by foreign firms. Hence there was scope here for indigenisation to cut down on profit remittances.

Before the promulgation of the NEP Decree, proprietors of alien businesses in Nigeria were free to repatriate all profits made in Nigeria. With the promulgation of the 1972 NEP Decree, all profits generated by enterprises under Schedule I should be retained in Nigeria with effect from 1st of April 1974, the date by which all those businesses should have been placed under complete Nigerian ownership. Profits made by enterprises under Schedule II need not be retained entirely. Since 60% of each enterprise under Schedule II could be foreign owned, it was only 40% of the profit made by them that had to be kept in Nigeria. Most of the capital-intensive and highly sophisticated enterprises were unaffected, and they continued to remit their profits. Furthermore, the indications are that the restriction of excess profits remittance since the NEPDs has forced Lebanese and

Indian investors to devise new ways of sending profits out of Nigeria, for instance by taking advantage of African citizenship qualifications, a fact which has been confirmed in private conversations with local businessmen in Nigeria.

(v) Industrial Development

Despite the concern expressed about the liabilities of foreign capital investment, governments in Nigeria have all been equally aware of limitations in the private and public indigenous sectors. Therefore they have still had to face up to the task of harmonising domestic and foreign capital, once the indigenisation Decrees were largely put into effect.

The official purpose of indigenisation in Nigeria is not simply one of ownership for its own sake but also an increase in the involvement of Nigerians in the day-to-day management and actual control of the country's economic life. Unfortunately Nigerian governments have tended to assume rather too readily that by indigenising ownership, full control of the enterprises would be indigenised too. As will be argued further in chapter 5, this assumption is naive.

Furthermore, indigenisation has rested on a hope that local technological innovation would rapidly emerge, although this hope is more implicit in government thinking than explicitly contained in the documents of the NEPDs. Indigenisation was bound to run into problems, precisely because of the technological dependence of the economy upon outside sources and the lack of a strong domestic research capacity. If the hope of domestic technology creation is far-fetched, at least a mastery and efficient adaptation of foreign technology could, and should, be encouraged. Before the colonial period, activities such as timber milling, nut crushing, palm oil pressing, carpet making and the production of leather articles, could be found throughout Nigeria. The advent of colonial rule

brought in its wake foreign private capital which converted some of those local industries into the medium-scale manufacturing firms of today, in addition to the newly established foreign-owned manufacturing industries. Such industries were largely owned and controlled by foreigners. Only approximately 30% was Nigerian owned before the 1970s. Indigenisation therefore intended not only to transfer majority ownership of those industries, but also was supposed to uplift the production of intermediate and capital goods, by the redirection of foreign capital into ever more capital intensive areas. The 1972 NEPD did not encompass any of the main capital intensive manufacturing industries. Only in 1977 did the government feel it necessary to include manufacturing sectors of all sizes and complexity for at least some stipulated minimum level of indigenous participation. At the same time new opportunities for foreign investors were opened up in the areas of the economy where Nigeria still needed a relatively advanced technology, managerial skills and capital in manufacturing, processing and assembly plants.

The importance of scientific and technical skills and know-how in the production of capital goods in particular cannot be over-emphasised. Here, joint ownership and cooperation between foreign capital and either the State or private indigenous capital, in enterprises of medium and relatively high level technology, should both increase capital goods production and bring about a transfer of the skills, technology and other essentials necessary for improved indigenous industrial capability.

The government believed that with assurances of cooperation and the prospect of a better economic climate in the future, most foreign investors would be tempted to stay in the country and turn to the sort of intermediate and capital goods production which Nigerians were as yet ill-prepared to undertake. In fact the government's assurances

and the continued expansion of the economy in the 1970s appeared to be sufficient to retain most foreign investors, apart from one brief set-back between 1972 and 1974 when there was a decline in foreign capital inflow and an outflow of a relatively small amount of notably U.S. capital. This was the chief, and brief negative effect of the NEP Decree, reversed by 1975.

(vi) The NEPD 1972

In February 1971, the Federal Commissioner of Trade and Industry first hinted at the possibility of launching the Nigerian Enterprises Promotion Decree (NEPD), by making it clear to a visiting Lebanese trade delegation that the Federal government intended to overhaul the commercial sector of the economy in order to allow Nigerians to take over the distributive trade.

On the 23rd of February 1972, the Nigerian Enterprises Promotion Decree (Decree No. 4) was promulgated by the government. As expected, the NEPD listed those enterprises that are within the competence of Nigerians and are not capital intensive. Above all it listed those which were assumed to be within the ability of Nigerians to buy directly or with money which the government was willing to lend, or with credits which the government hoped the commercial banks would provide. Accordingly the NEPD categorised the enterprises into two sections according to their level of complexity and capital intensity.

Twenty-two enterprises fell under Schedule I of the 1972 NEPD and thirty-three enterprises fell under Schedule II.¹⁹ Schedule I bore the brunt of 100% indigenisation. All those enterprises that come under Schedule I were exclusively reserved for Nigerian citizens. Under Schedule II of the 1972 NEPD, 33 types of enterprise were to be owned and managed on a partnership basis. The NEPD required that all those enterprises under Schedule II that were owned by foreigners

must sell 40% of the equity shares of their businesses to Nigerians. Both the 1972 and the 1977 Decrees barred aliens under Schedule II if their turnover or share capital were not more than one million Naira and four hundred thousand Naira respectively. What the NEPD sought to achieve under Schedule II was the retention of the expertise and capital of the former foreign owners, by allowing them to own 60% in 1972, subsequently reduced to 40% in 1977.

Above all, what the government wanted to achieve was indigenous control of areas of activity considered to be crucial for a rapid transformation of Nigeria into an industrial country. This was succinctly expressed by officials around the time the Decree was launched. For example the Federal Commissioner of Communications, the late J.S. Tarka, delivering a speech to members of Gruppo Bottego of Italy in Milan on the 18th of April 1973 informed his guests:

"What this simply means is that Nigeria like indeed any other country does not like the strategic sectors of the economy to be dominated or solely controlled by foreigners. She wants to have an effective say, and to achieve this end the government has promulgated a Decree reserving certain areas particularly retail trade to Nigerians."

He added that foreign and domestic businessmen have a lot in common, and that it was better and safer for the former to be in partnership with Nigerians -

"In other areas, the government wants to encourage Nigerians to participate effectively with foreign partners. The policy is not adopted to hunt or scare away foreign investors. Rather it ensures that foreign investments are safe since Nigerians will have a stake in them."²⁰

At least two messages are clear in this speech. One is the imperative for greater participation by Nigerians in the economy. A second is the necessity for partnership between Nigerians and, on this occasion, Italians in certain kinds of enterprise; which tends

to confirm the thesis that there is an affinity of interest between the two sides.

Although the NEPD has indigenous control of the economy as its major objective, the likely effectiveness of the new policy could not be so easily assured. Indeed there is increasing evidence that the mere creation of opportunities for Nigerians within foreign owned enterprises, particularly large firms, will not automatically ensure indigenous control. Nevertheless, at the time it was hoped that indigenous businessmen would be enabled through their participation in ownership, to learn the expertise and acquire the managerial and technical capabilities of their foreign partners.

The strong focus of the 1972 NEPD on private indigenous participation was not very obviously in close accord with the philosophy of State sector leadership which had been emphasised in the Second Development Plan of 1970/74. The change towards favouring the private indigenous sector can only be explained in terms of a combination of changing circumstances in the country and in the rest of the world. Central to the former were the improved lobbying techniques of the private indigenous sector in Nigeria in the early 1970s, when such bodies as the Manufacturers' Association of Nigeria (M.A.N.) came into existence.

No situation better explains the Nigerian businessmen's improved relations with the State than the events which led up to the 1972 NEPD. The Lagos State Chamber of Commerce and Industry, one of the most influential and the oldest chambers in Nigeria, has been reported as having "sold" its ideas to the Federal government. The president of the Chamber, Chief J. Akin ~~Wasa~~-George is on record as having said in 1981:

"Perhaps our greatest achievement so far is the role we played in getting through the Enterprises Promotion Decree in 1972. It was the chamber that initiated the idea and sold it to government through memorandum. Even though the government did not say

so, most of the salient points contained in those memoranda were incorporated in the Decree."²²

(vii) Amendments to the 1972 NEPD and the Nigerian Enterprises

Promotion Decree 1977

After the inception of the first NEPD in 1972, there were at least four formal changes between 1973 and 1977, including the 1977 NEPD which was the most substantial. Such amendments were made on an ad hoc basis to rectify problems as they emerged.

On the 23rd June 1973, the NEP (amendment) Decree 1973, Decree No. 28 repealed the sentence "within such period not being earlier than four months" of 1972 NEPD, Section 5 (3) (6). This amendment allowed more time up to 31st March 1974 for foreign firms to apply for exemptions. The 1973 amendment also permitted the "designation of members of the public services of the Federation and of States as 'inspectors' of enterprises."²³ They were empowered to exempt enterprises subject to the provision of Section 9 of the 1972 NEPD. The 1973 amendment also repealed such blemishes as "be sentenced" and substituted "be liable".

The NEPD was amended again on 23rd February 1974. The NEP (amendment) Decree 1974, Decree No. 7 reclassified haulage by road of petroleum products from Schedule I to II. The reclassification was largely due to the insufficient number of experienced indigenous businesses in the petroleum haulage sector, which had quickly led to petrol shortages in many cities.²⁴ The Indigenous Transporters' Association was critical of the amendment and threatened to by-pass what it saw as the arbitrary decision of the Federal Commissioner of Industry, and put its case to the Supreme Military Council. The Federal Commissioner responded by pointing out that the decision came from the Supreme Military Council itself. Newspaper editorials were varied in their comments. The Daily Times (20/2/74) was scathing in

its comment, but the New Nigerian agreed with the government's decision, while also suggesting the formation of government-supported companies to distribute petroleum products. This encouraged such States as the North East to enter the sector.

The NEP (amendment) Decree No. 7 of 23/2/74 was followed by the NEP (amendment) Decree No. 2 (21/3/74) which empowered the Commissioner to determine such enterprises as "Retail Trade, Supermarket, Departmental Stores" and "Wholesale distribution" and reclassify them with the approval of the Federal Executive Council.

The NEP (amendment) Decree No. 2 (21/3/74) also reclassified three enterprises from Schedule I to II, after representations were made to the Federal Ministry of Industry by such companies as UAC which relied on an efficient distribution network for their operations, and Association of Electronic Firms. Clearing and forwarding agencies (lack of sufficient number of experienced indigenous businesses with equipment, again explains the shift), electric device assembly firms, and departmental stores, and a few other enterprises that had an annual turnover of less than ₦2 million were removed from Schedule II to I. Fifteen companies were exempted from the provision of Section 5 of the 1974 Decree (40% Nigerian participation), but were also required to re-structure their ownership so as to give more indigenous participation or, in some cases, to increase the equity shares of the companies in favour of Nigerians.²⁵

The above amendments are relatively insubstantial in comparison with the 1977 NEPD which resulted from the Industrial Panel's report on its own investigation of the 1972 NEPD implementation.

By the mid-1970s the indigenisation Decree of 1972 had become a highly political issue. This was because of the inequitable distribution of shares which had taken place under the NEPD, and also because vital sectors of the economy remained in foreign hands.

A panel was appointed on the 17/11/75, less than six months after the new regime of Murtala Mohammed came to power.

The Panel's terms of reference were as follows: First, to report on the implementation to date and to assess the extent to which the aims and objectives of the 1972 NEPD had been attained. Secondly, to recommend amendments to the Decree with a view to expanding the number and range of enterprises affected by it, as well as increasing the level of indigenous participation in such enterprises. Thirdly, to examine the present market for stocks and shares and report on ways by which a freer market could be established. Finally, to identify suspected fraudulent sales and cases of fronting.

The fourth clause sounds like an attempt to indict members of the previous regime and their business associates who were suspected of taking undue advantage of the provisions of the NEPD (1972) to build up private shareholdings. In one particular instance, a company which had allocated shares worth ₦150,000 (12% of the saleable shares) to a Military Governor was transferred to the State government after the change of regime.

The report of the Panel pointed out that the 1972 NEPD had been "ambivalent, diversionary and ineffectual", and had not fully achieved its objectives. This conclusion was derived from the fact that of the total number of 950 affected enterprises (excluding exemptions), 357 (Schedule I) and 593 (Schedule II) had not fully complied. The Panel revealed that by June 30th 1975 only 58% and 89% of the enterprises had provisionally complied under Schedules I and II respectively. Furthermore, the Panel noted that none of the defaulters had been "brought to book" two years after the original deadline of 31st March 1974. The government's failure to "punish"²⁶ defaulters of the first phase of indigenisation is not altogether surprising, given the absence of an effective enforcement agency and the very limited powers of the

NEPB, and also given the type of people who were chiefly involved. These - both foreign and indigenes - were people with sufficient influence and wealth to delay and distort the application of the law.²⁷

In 1977, a revised and updated version of the 1972 NEPD was launched. The 1977 NEPD had a retrospective date of 19th June 1976 and was intended to be effective by 31st December 1978. The 1977 NEPD strengthened the powers of the Board and the Capital Issues Commission (CIC), hoping to both complete the unfinished programme of the first NEPD and embark on the second Decree.

The 1977 NEPD listed 40 enterprises under Schedule I and 57 under Schedule II. Businesses under Schedule I continued to be reserved exclusively for Nigerians, while the Nigerian equity shares in Schedule II were raised from 40% to 60%. Further, the 1977 NEPD covered enterprises that were excluded from the first indigenisation exercise. Thus a third Schedule was added to the 1977 NEPD. In Schedule III, 40% of the shares of the businesses listed were reserved for Nigerians, while 60% were allowed to remain foreign owned.

Just as a public concern for social justice, voiced in official and non-official circles, was to play a part in inducing the government of the day to introduce the new Decree, so the public reaction to the 1977 NEPD was, again, to focus on the egalitarian issues raised by the content of the 1977 NEPD.

The most common criticism was that even the revised measures would be likely to concentrate new wealth in a few hands only. This attack was in a sense misdirected because indigenisation had never been intended or designed so as to achieve a very wide distribution of shares. Indigenisation was fundamentally aimed at promoting indigenous business enterprises, and could by no stretch of the imagination be construed as a social policy objective. At the very most it could be said that some of the main spokesmen for

indigenisation believed that by fostering an aspiring capitalist class, overall national economic and political development would be promoted, and that this would in the long run lead to the improvement of the living condition of the mass of the people. For the immediate future however, only a small minority of indigenous industrialists and entrepreneurs were expected by the drafters of the Decrees to benefit in a substantial way. Indeed, the 1972 NEPD did not embody any egalitarian provisions at all.

However, a measure of egalitarianism was introduced into the 1977 NEPD. It expressed an intention to benefit both the managerial and non-managerial workers of the affected enterprises, by the reservation to each group of 5% of the shares which were to be disposed of or relinquished by foreigners. It was believed that through this arrangement the manual and non-manual staff of the enterprises would in some sense be protected against the few citizens who had sufficient financial standing to take greatest advantage of the indigenisation measures.²⁸

The incorporation of this social objective was recommended by the Adeosun Industrial Panel which had been set up in 1976 by the Obasanjo Government to inquire into the workings of the 1972 NEPD, in particular the acquisition of shares. The appointment of Chief Adeosun's Panel within such a very short time of the change of leadership raises some interesting questions about the economic factors that might have contributed to the 1975 coup d'etat. The timing of the revision of the NEPD seems to support the thesis that perceived failings in the implementation of the 1972 NEPD played a part in bringing about the change of government in 1975.

According to the Panel, a wider distribution of equity shares would ensure social peace and harmony and strengthen industrial relations in the country. The Federal Government, however, believed that a highly diffused shareholding could make central management

control very difficult.²⁹ Hence it was less enthusiastic than the Panel, and remained largely committed to the expectation that only a relatively small number of shareholders would benefit directly, and only indirectly provide much longer term benefits to the rest.

For officials of the NEPB and the Ministry of Trade and Industry, and especially for some sections of big business circles, the 1977 NEP Decree constituted a real advance, by increasing Nigerian ownership of all enterprises operating in Nigeria, and thus they considered that the NEPD had enhanced further the retention of profits in the country. The retention of profits was to be re-enforced by a strict foreign exchange control Decree to be applied to both foreign and Nigerian firms and citizens.³⁰ There was no fundamental change in the government's strategy. In fact the new political regime was in effect only re-confirming the stated objectives of the 1972 NEP Decree, by its willingness to meet the demands of new pressures for more indigenisation. The private sector-led model of development which countenances only limited and absolutely necessary public sector involvement, became more deeply rooted than ever. The overall desirability of this pattern of development was not questioned by Nigerian government officials at the time, and indeed has never been officially raised.

Apart from the broad policy objectives, which are common to both the 1972 and 1977 NEPDs, there were some differences of nuance, owing to differences between the two governments responsible for introducing the Decrees. The Obasanjo government sought a spectacular, legitimising, foreign policy success, by being seen at home to be instituting measures that would squeeze concessions out of countries with large investments in Nigeria, as well as back up its stance over contentious international issues, notably apartheid in South Africa. Under the Gowon regime, in contrast, connections between indigenisation and foreign policy objectives had been rather weak. Instead of aiming

at foreign policy targets, the most important priority under Gowon had been the internalisation of the benefits of the oil boom. Brigadier J. Garba, the External Affairs Commissioner is quoted as saying in 1976 on the theme of economic strength and diplomatic success, that "no nation can effectively pursue a dynamic and independent foreign policy with a weak and dependent economy." "Indeed", he declared, "Nigeria's ability to succeed in her diplomatic endeavour will to a large extent depend on her economic strength."³¹ The Commission appointed by the new Mohammed-led regime in 1975 and headed by A. Adedeji to review "the rationale underpinning Nigeria's foreign policy", emphasised that a strong domestic economy firmly rooted in Nigerian hands was the only basis for a sound foreign policy.

In 1977 some members of the indigenous business community were even suspicious of the increased determination of the Obasanjo regime to squeeze foreign capital. The more assertive foreign policy was feared as a potential threat to their continuing and vital alliance with foreign capital, and the pattern and style of implementation of the NEPD was felt to constitute an immediate threat even to their own domestic position. The series of calls made after 1977 by members of the Manufacturing Association of Nigeria (M A N) and Chambers of Commerce and Industry to halt and relax the indigenisation measures, is evidence of their concern. This clearly modifies the interpretation of the 1977 NEPD as simply a measure well designed to gain support from the business community for the new Government; even though the Panel's recommendation by and large led to the generation of yet further opportunities for private benefit by forcing large amounts of shares on to the market, through the subsequent 1977 NEPD. However, the increase in opportunities was to convey personal material benefit not just to privileged individuals in the private sector but also to

individuals in positions of public sector power, as will be shown in Chapter 5.

The next chapter assesses the machinery for the implementation of the NEPDs and the pattern of compliance by firms that are affected by the NEPDs.

Notes and References

Chapter 3

1. Shehu M. Yar'Adua, Nigerian Chief of Staff, Supreme Headquarters - "The Government is not embarking on creeping Nationalisation", an address to the members of Management Institute of Nigeria, September 1976.
2. A. Adedeji (ed) Indigenisation of African Economies (Hutchinson, London) 1981, p. 30.
3. See for example the Nigerian Constitution of 1979 Chapter II - Fundamental Objectives and directive principles of State policy - Economic objectives, p. 8.
4. Oyeleke, A.Y. - "Management Finance in indigenised business" - in Management in Nigeria, July 1975, p. 21.
5. Federal Government of Nigeria - "The policy of Federal Government on Statutory Corporations and State owned companies 1968" p. 3.
6. See appendix B below.
7. Yar'Adua, S.M. op. cit.
8. The New Nigerian editorial (Kaduna) 1/3/77 urged State and Federal governments to buy shares and hold them for a time, and relinquish them when the country's businessmen became more "sophisticated".
9. See The Financial Times (Lagos) survey 1981: "Nigeria Twenty Years of Independence" (Spectrum Book, Lagos, 1981) p. 52.
10. Teriba, O., Edozien, E.C. and Kayode, M.O. - The Structure of Manufacturing Industry in Nigeria, (Ibadan University Press) 1981 p. 89.
11. Quoted from Akinsanya, A. - "State Strategies Towards Nigerian and Foreign Business", private paper, University of Lagos 1982, p. 8.

12. The term was used by Chief Obafemi Awolowo in his 1969/70 budget speech.
13. For a radical approach to this issue see Nnoli, O. "A short history of Nigerian underdevelopment" in Nnoli O. (editor) Path to Nigerian Development (Codesria Dakar 1981) pp. 94-136.
14. Wilmot, P.F. - In Search of Nationhood (The Theory and Practice of Nationalism in Africa) (Lantern Books, Ibadan and Lagos) 1979 p. 139.
15. Only 48.7% was foreign owned in 1969.
16. This was a pretax total profit forecast with a large expected contribution from Nigeria.
17. The profits of all six companies above are quoted from Nigeria Year Book 1970, (Daily Times Lagos), 1970, pp. 69-78.
18. Guidelines for Third National Development Plan 1975/80.
19. The enterprises concerned are listed in the original Decree (1972) and the subsequently revised version of 1977. These are reproduced in Appendix A and B below.
20. Address by the Federal Commissioner for Communications, late Joseph S. Tarka in Milan, Italy to Gruppo Bottego on 18/4/73 published in Nigerian: Bulletin on Foreign Affairs vol. 3 no. 1, 4th January-December 1973, (Nigerian Institute of International Affairs, Lagos) p. 116.
21. See chapter 8 Section
22. An interview with Chief John Akin-George, President of Lagos Chamber of Commerce and Industry - Nigerian Enterprises August 1981, vol. 2 no. 1, p. 42.

23. The 1972 NEPD designated only members of the Federal Service.
24. To mitigate the shortage of petrol, some State governments entered the haulage business directly, as was the case in North Eastern State.
25. The exempted companies are: Pan Electric Ltd., Knight Frank and Rutley (Nigeria), West African Drug Company Ltd., Witt and Bush (Shipyard) Ltd., Thomas Nelson (Nigeria), Evans Brothers Publishing and Oxford Press, Development Finance, Northern Investment Ltd., Monotype Corporation Nigeria Ltd., Dunlop, Bata, Nigerian Bottling Company, Nigerian Cereals Processing Company and Foundation Construction Company.
26. The word was amended to "liable" in a revision of the 1972 Decree.
27. Some of the non-complying cases involve influential Nigerians. See chapter 4 (iv) below for further detail.
28. The issue of 10% equity shares for workers is discussed further in chapter 7.
29. See The views of the Federal Military Government on Industrial Panel 1976.
30. See for example the Exchange Control (anti-sabotage) Decree 1977, Supplement to Gazette Extraordinary No. 37, vol. 64, 8/8/77.
31. Daily Times (Lagos) 24/2/77.

CHAPTER 4

Machinery and Implementation

The aims and objectives of the Nigerian Enterprises Promotion Decrees (NEPDs) have been introduced in the previous chapter. The 1972 NEPD had only a limited impact in achieving its intended objectives before it was overtaken by the 1977 NEPD which attempted to remedy some of the deficiencies of the earlier Decree. However, even that did not create significant opportunities for the widest section of society which had been completely left out of the 1972 NEPD. With the exception of a few individuals which the July 1975 coup brought to power and influence on the fringes of government, the beneficiaries of the second indigenisation Decree remained predominantly the participants of the first NEPD. This owed in part to the wealth, the contact with bankers, and the confidence and experience which had been acquired under the first indigenisation exercise. The new owners of indigenised enterprises, members of the armed forces and the top echelons of the bureaucracy at both Federal and State levels, and some businessmen pre-empted the purchase of private small enterprises in 1977.

The first year after the implementation of the 1972 NEPD saw a fall in industrial production. This reflected a decline in the inflow of foreign capital which owed directly to the implementation of the first Decree.¹ However, after 1975 production started to pick up, because both new and old foreign investors started to venture into new business areas, which is precisely what the government hoped would happen. The expanding and buoyant nature of the Nigerian economy in the mid-1970s attracted foreign investors into manufacturing, aided by official encouragement in the form of assurances for better partnership opportunities and a general disavowal of wholesale nationalisation.

In this chapter, we shall examine the machinery and some problems of implementation of indigenisation in the periods 1972-74 and 1976-80.

(1) The Nigerian Enterprises Promotion Board

The structure, powers and modus operandi of the Nigerian Enterprises Promotion Board (NEPB) and its committees were central to the implementation of indigenisation and critical for the success of the Decrees. The NEPB came into existence simultaneously with the promulgation of the NEPD in March 1972. This Board is empowered to supervise the implementation of the NEPD of 1972 and the subsequent NEPD of 1977. Although the Board was reconstituted in 1976, and its powers extended, the coordinating function of compiling data on enterprises, introducing potential buyers to sellers and the general task of implementation have remained the same.

Section 1 - (1) of the NEPD effectively established the NEPB, and its activities commenced on 23rd February 1972. The "general" purpose of the Board was to enhance the advancement of enterprises in which Nigerian citizens are to play the "dominant role". To this end, the Board was conferred with the power to determine and advise the Federal Commissioner for Trade and Industry on matters relating to the Decrees. Furthermore, the Decrees specified that the Board is responsible for carrying out any other tasks that may be assigned to it from time to time as circumstances necessitate. As a government institution, the Board must operate only within its official limits and does not have the authority to indulge in any commercial undertakings.

Both the Federal Commissioner and the Permanent Secretary of the Ministry of Trade and Industry have played a considerable part in issuing policy guidelines to the Board.

The Federal Commissioner has the power to appoint the Board members. Members of the Board are drawn from the Ministries of Trade, Finance,

Economic Development and Reconstruction, Internal Affairs and three representatives from Development or Investment agencies incorporated in Nigeria. The Chairman of the Board under the 1972 Decree was the Permanent Secretary of the Ministry of Trade and Industry, while the Secretary of the Board was also appointed from the same Ministry. As the Board acquired more autonomy under the 1977 Decree, the Chairman of the Board does not necessarily have to be an official of the Federal Ministry of Trade and Industry. The wisdom of heading the NEPB at its inception by the Permanent Secretary of the Federal Ministry of Trade and Industry was in fact questioned at the time. The New Nigerian Newspaper editorial (9/3/72) commented that "considering his onerous official responsibilities, including compulsory attendance at the weekly meeting of the Federal Executive Council and automatic Chairmanship of all corporations and government-owned companies answerable to his Ministry, it is obvious that the Permanent Secretary to the Federal Ministry of Industries will find no time to attend to the business of the NEPB . . ." The Chairmanship of the NEPB was taken over in 1972 by Mr. Al-Hakim, a banker by profession. Subsequently he was succeeded by M. Gadzama, a former State Commissioner of Land and Survey in Borno State, who later retired in 1983. The incoming military government (1983) reverted to the earlier system of assigning the job to an official of the Federal Ministry of Trade and Industry. In early 1984, the government appointed Dr. C.P. Ezeife, a Harvard graduate from the Ministry of Trade and Industry.

At the start the Board was practically an arm of the Federal Ministry of Trade and Industry. The Ministry dominated representation in its political and administrative tasks. According to the NEP Decree, the NEPB has the power to invite new members to its existing list, and such members can remain on the Board for such periods as determined by the appointees. However, since the establishment of

the Board in 1972 there has hardly been any invitation to outsiders to sit on the Board.

The Board is composed of three parts - (a) Administrative division, (b) an Inspectorate division and (c) an Evaluation division.²

The first of these deals with matters relating to general administration and office work, while the second has the task of visiting business premises and inspecting affected enterprises to see if such enterprises have complied. The inspectors are legally empowered to enter premises and inspect the business capital. In cases where they are not satisfied with the compliance of a company or companies, they write a report and the Board takes action by issuing a warning to the alien business owner, or sealing up or co-managing the enterprise.

The third category of staff are the evaluation team. This team is usually at the service of the Nigerian business community. They determine the value of an enterprise and advise Nigerian citizens on how much to pay.

Other government departments are also involved in assisting the Board in the implementation. For example, the Ministry of Internal Affairs and the Ministry of Finance have been helpful in demanding compliance certificates before a company is served by those Ministries with, for example, expatriate quota allocations and dividend remittance permits. They are empowered to make sure that before foreign companies get their approved-user status, they have complied with the NEPD. Attempts were made by the Board to obtain similar assistance from the Nigerian Port Authority (NPA) and Customs department, but they have not been quite as helpful as some other departments, according to the Chairman, Mr. M. Gadzama. This situation gives discretion to other government departments and agencies to determine a company's position in aspects regarding the specific interest of the department

concerned. For example, the Federal Ministry of Finance may focus on a company's sources of finance. If the company has raised loans within Nigeria (after 1982) it is likely to consider the company to be a case of non-compliance. Another government agency may choose to be strict on the 10% equity provision for employees which was introduced in the 1977 Decree (see discussion in chapter 6 below) as the NEPB's confidential letter to one company points out:

"There is no mandatory minimum authorised and paid up capital for new companies . . . But we would like to add that other arms of Government reserve the right to impose any condition they deem fit. As to compliance with the workers equity participation is not mandatory for new companies."

Two points are clear from this letter. **First** is the element of discretion left with governmental agencies. In a society where members of the bureaucracy are predisposed to look for pretexts to demand kick backs from clients, this discretion creates conditions in which corruption will inevitably thrive.

The second point concerns the vagueness of the 10% equity provision with respect to new companies which is bound to make administration difficult. Individual letters to companies such as the one above can only encourage avoidance of the provision. Yet the official policy explicitly states that a moratorium of two years only is to be granted to new companies, after which they are required to issue 10% of their saleable shares to the employees.

The recommendation and the acceptance of the Industrial Panel's report in 1976, not only brought about a revision of the 1972 Decree, but also changed the structure and powers of the NEPB. The report expressed concern at the limited powers of the NEPB which resulted from its constitutional inability to undertake effective implementation. Hence the Panel recommended that the Board's authority should be extended to consider cases without reference to the Federal Commissioner,

particularly in matters involving non-compliance.

Although the NEPB was set up to facilitate the transfer of foreign-owned enterprises to local hands, its initial activities were limited to the task of introducing potential buyers to the relevant enterprises. The Board started to compile results of the exercise and to disseminate information in the early part of 1974. This brought the Board into much greater prominence, in time for the implementation of the second phase of indigenisation in 1977 when it adopted a more aggressive posture, as well as granting exemptions in the case of certain enterprises. The Board has no means of enlightening the public other than by means of the mass media, but the media was made use of to contact and inform relevant enterprises to submit their data forms and other information at the beginning of the first implementation exercise. In contrast, in the second exercise emphasis was increasingly placed on informing would-be buyers about how to acquire shares. But the administrative tasks and field surveys were still difficult to carry out, because of limited resources. The Board's annual allocation from central Government (₦1 million) was inadequate and it voiced concern about this in its 8th progress report. It recommended to the government that the Board levy ₦100 on each employee Trust Deed vetted and approved by the Board; and a fee of ₦500 on each compliance certificate issued.³ Both of these recommendations are, however, questionable, particularly the ₦500 levy, for the financial dictates could well encourage weak screening of those companies willing to pay the ₦500 levy, and a speedy but unwarranted issuance of the certificates.

The inspectorate and the valuation units were quite crucial in the implementation process. However, because of the large number of enterprises involved, the valuation unit became overloaded with the day-to-day problems of evaluation. Realising this, the government

established the Capital Issues Commission (CIC) on 27th April 1973 by reorganising the CBN's Capital Issues Committee (CIC) to facilitate the effective implementation of the Decree. As from that date all shares of the affected enterprise must be valued and approved by the Commission before any transaction could take place. Thus the pricing, timing and amount of shares to be sold became subject to the approval of CIC. The Capital Issues Commission was itself replaced by a Securities and Exchange Commission, by Decree No. 71 of 1979. Henceforth, the Securities Exchange Commission (SEC) was empowered to determine the amount of securities of any company that are to be sold; to register the date when securities are to be sold, and the terms, in both private and public companies. It is also empowered to approve or disapprove the proposed price at which the securities of any public or private company with alien participation shall be issued or sold. It also determines when issuing houses or registrars should return surplus application monies, and the penalty payable for non-compliance. These are the most significant powers of the SEC.

The valuation unit of the NEPB consists of such professional people as engineers, accountants, lawyers and architects who are supposed to provide all the expertise necessary for evaluation and the conduct of transactions. Despite the diversity of professions, the total manpower in this unit was simply not sufficient to do the job, and the Board had to rely on the Industrial Inspectorate Division of the Federal Ministry of Trade and Industry for assistance. Even well into the 1980s the shortage of manpower probably remains the greatest single constraint on the Board in its implementation efforts.

The reconstitution of the Board in 1976 coincided with the release of a government White Paper on the Report of the Adeosun Commission, in July 1976. Between this time and October 1977 the Board met 15 times, an average of one meeting every month. In the period from

July 1976 to January 1977, it was mainly concerned with mopping up in regard to the previous Decree. By January 1977 the Board was set for the more serious task of implementing the 1977 Decree.

The major preoccupation of the Board soon after its reconstitution was to study and clarify major aspects of the Decree in order to avoid misinterpretations. Since it now became the responsibility of the Board to approve terms and conditions of sales and other forms of transfers, numerous matters of sale and transfer had to be dealt with fairly quickly in order to keep to the original datelines. Shortage of staff and other related factors necessitated that the Board "delegate" to the State committees powers of processing and determining the applications of those local firms which do not operate beyond the borders of more than one State in the country. Examples of such businesses are small department stores and supermarkets. The Board usually requires that the committees submit a short list of prospective buyers for recommendation. The method of the committees in selecting prospective buyers is not very open, and there is no uniformity of method among all the various States. The failure of the Board to set a specific guideline for the selection of buyers by the committees, leaves the latter with a great deal of discretion in choosing who will be allowed to purchase shares.⁴ This ultimately may have led to favours being sought by businessmen from the members, a tendency which could easily have been foreseen.

The inspection of enterprises is carried out three times. The first is a precompliance inspection to substantiate the information given by the company on the forms (about 300 inspections were carried out between 1977 and 1978). The second is a post-compliance inspection, done to verify the sale and transfer. Finally there is an inspection on a continuous basis to prevent or detect any reversal of the trend, and to observe enterprises whose activities overlap

different categories and who might try to take advantage of that fact.

The classification of foreign enterprises was not simply based on the information contained in the data forms submitted by the affected enterprises. Pre-compliance inspection was the major determinant in placing enterprises in one or other of the schedules. Errors made in pre-inspection explain why certain enterprises were placed in inappropriate schedules. There were petitions to protest to the Board about the restrictions imposed on some of the enterprises. The NEPD does not empower the Board or the zonal offices to co-manage defaulting companies, but instead to seal them up. Similarly the Decree does not authorise the Board or its Committees to dispose of defaulting companies in Schedules II and III. However, the Board has used its discretion to avoid sealing defaulting companies, and has determined to co-manage them because of a desire to avert unemployment and "loss of production to the economy".⁵ There are only six cases of co-management under the Kano zone, according to current official information, and there is strong evidence in the case of one company, that the co-management has been lifted. In our investigation of the 145 companies we found five companies sealed, although only one was officially acknowledged. Three of these had been immediately reopened, and one company was recommended for sealing up.

Section 22 of the 1977 Decree provides "that once an aggrieved has exhausted the rights of appeal as stipulated in the Decree the Board's action could not be challenged in court." But officials of the Board report that lawyers and solicitors of some newly established companies claimed that the Section was voided by the coming into effect of the 1979 Nigerian Constitution. Thus the Board has been taken to court on a few occasions. Some of the cases were still pending when the civilian government which was established under the 1979 Constitution was overthrown in a military coup.

The Board's powers over enterprises came under continual attack during the civilian administration of President Shagari (1979-83). The power to seal defaulting companies under Schedule II was taken away, in 1979. The Board was then taken to court by Eurogans Nigeria Ltd. and Kleide and Company, who protested against the Board for co-managing them, arguing that the Board had no authority to appoint co-managers. Eurogans and Kleide eventually succeeded by obtaining injunctions which effectively led to the withdrawal of the managers appointed by the Board. The Board realised that from then on, it had no constitutional power to seal or co-manage Schedule II and III enterprises. In any case, the Board was only able to seal a very small number of companies even when it was assumed to have the constitutional power.

An enhancement of the Board's authority became of paramount importance, as a response to the developing crisis of its power.

In 1983, a recommendation was submitted by the Board to the National Assembly to amend the 1977 Decree, giving it wider powers to seal defaulting companies. Before a decision was reached, the National Assembly was dissolved by the military coup (December 1983). The suspension and modification Decree (1984) appears to "restore the Board's power to the status quo ante"⁶, but the courts have not yet ruled on any case to confirm the new position.

The NEPB has all along been faced with the problem of how to ensure "Nigerian control" of those enterprises where only part of the ownership came to be in Nigerian hands, under Schedules II and III. The monitoring of foreign business activities in the country has become part of the NEPB's task, in spite of the shortage of inspectors and funds.

Handling the establishment of new enterprises has also become a part of the Board's duties; but above all is the task of ensuring the

expansion and growth of indigenised firms. In general, therefore, the Board continues to look for unclassified enterprises and to place them in the appropriate Schedule.⁷ For example, under the Kano zonal office, 34 newly established companies were detected during a "mopping-up operation of all commercial and industrial establishments operating within the State (Kano)" in 1981.⁸

The Board also recommends reclassification of enterprises where the original classification was based on wrong assumptions, or where there have been unanticipated problems in implementation. The Federal Commissioner of Trade and Industry takes the final decisions.

In 1983 the Board's Chairman, Mr. M. Gadzama, accused Senator David Dafinone, Chairman of the Senate Committee on Commerce and Industry, of blatantly blocking an executive bill intended to provide greater powers to the Board in its task of enforcing the law and dealing with non-compliance cases. Although the bill had been passed by the House of Representatives, the Senate Committee delayed the final passing of the bill by tactically suggesting amendments to the 1977 Decree. The Committee initiated a change in Section 8 of the latter Decree which originally stated: "an enterprise shall be deemed to be an alien enterprise unless the entire capital of propriety interest whether financial or otherwise, is also owned and controlled by Nigerian citizens or association." The definitional problem of the expression "Nigeria[^] Association" continues to confuse officials. This is due to the part ownership structure of Schedule II and III. Demands have been expressed in certain official quarters in the 1980s for modification of Section 8 of the 1977 Decree - chiefly the inclusion of enterprises in which indigenous equity participation is not less than 60%. "This will enable a number of large Nigerian controlled companies to play a more decisive part in promoting new enterprises and indeed, in attracting additional investment."⁹

Between 1982 and 1983 there was an indication that "Senate was working" on the possible changes to the 1977 Decree.

Recent events (1983) in which Senator Dafinone acted to prevent the NEPB acquiring greater legislative powers to enforce compliance have shown that official thinking, under the influence of the lobby of M A N , is in agreement with aspiring indigenous bourgeoisie and does not want to frighten away foreign capital. However, the increased government sensitivity to the needs of foreign capital has to be understood against the background of decline in Nigeria's oil-based prosperity.

Nevertheless, despite the lamentations still voiced by the Board about its lack of formal powers,¹⁰ the authority granted to it by the 1977 Decree was still greater than it possessed before. Although the Decree did not give the Board any power to intervene in the running of enterprises, the Board has in fact been able to intervene on occasions under the pretext of the general spirit of the Decree.

Indeed, activities of the Nigerian Enterprises Promotion Board are even now becoming more widely appreciated. The continued existence of the Board appears to have been guaranteed under Section 16 paragraph 3 of the 1979 Nigerian Constitution. It has become a permanent State institution with its own powers, procedures and corps of officers working for the promotion of private Nigerian enterprises.¹¹

(ii) The Nigerian Enterprises Promotion Committees

The establishment of the NEPB was accompanied by a similar establishment of Nigerian Enterprises Promotion Committees (NEPCs) in each of the twelve States which then made up the Federation. The gigantic task of national promotion of enterprises and the implementation of the indigenisation policy could hardly have been left to the Board at Lagos, whose area of competence is restricted to Lagos City. Although most manufacturing industries with foreign

participation are concentrated in a few areas, chiefly Lagos, Kano, Aba and Kaduna, commercial enterprises extend to every State. The committees serve as watchdogs on behalf of the Board.

The NEFD in establishing the committees stipulated that the Permanent Secretary of the Ministry of Trade and Industry in each State of the Federation was to head the committee. Members of the committee are drawn from the Ministry of Trade and Industry, and include an officer from the Cooperative Societies¹² and three members of the public who are usually drawn from private business.

Like the Board, the State committees also have the power to "coopt" Nigerian and non-Nigerian individuals to attend committee meetings, to offer advice based on their business experience.

The Governor of the State was given sole power to determine the length of time for which members are to serve on the Board. Whereas decisions on the Board are collectively taken by the executive council (during the periods of military government), important issues pertaining to the States are matters which have been left in the hands of respective Governors of the States concerned.

The committees also have the duty to assist the Board by making sure that foreign business residents who are affected by the Decree have complied with the law. In general, the State committees are supposed to identify areas of difficulties, send periodic reports to Lagos, make suggestions for changes where necessary, and are obliged to carry out any other tasks that are assigned to them by the Board.

The State committees' staff who are also the employees of the State Government, are assigned the task of persuading the business community in their State to take part in the implementation. There has been a lack of expertise, in particular trained accountants, book-keepers, auditors in most of the State committees. As is the case with the Board, the committees are inadequately financed. For

example in 1982, the budgetary allocation for committees was only ₦5,000 to each State.¹³ The evaluation team of the Board has often had to travel to various States to assess and determine the Schedules of the affected enterprises. The ineffectiveness of the State committees became even more obvious between 1980 and 1983. Interference by local politicians was common, and both State politicians and businessmen who had increased their involvement in joint ventures with foreign capital sought to protect their interest by improper interference. This State of affairs was admitted by Mr. Gadzama, the Chairman of the Board, in July 1983.¹⁴ The experience of the NEPC in Borno State can be turned to, to illustrate the difficulties experienced by the non-zonal committees in other States.

(iii) The Nigerian Enterprises Promotion Committee, Borno State

Before the creation of Borno, Bauchi and Gongola States by way of the dismemberment of the former North Eastern State (NES) in 1975, the three States were served by the NES Nigerian Enterprises Promotion Committee. However in 1975 Nigeria was divided into 19 States and each State, including Borno, set up its own NEPC.

Interviews were conducted by the author with all past and present members of the NEPC of Borno State and with those officials of the Ministry of Trade and Industry there, who were closely related to the implementation of the NEPDs in the State. These included enterprise inspectors, officials involved in decision-making, and State delegates who attended NEPB annual meetings (although the records show that representatives of Borno State and a few other States have failed to attend some annual meetings). Two official files of information on indigenisation in the State were examined. Correspondence with the NEPB, Lagos and NEPC Kano zonal office, The Ministry's own Minutes on the decisions taken, and copies of letters written to the State's Chamber of Commerce and Industry were also consulted.

Three important facts emerged from the personal interviews and official documents. First, are the persistent difficulties experienced in finding competent committee members from the private sector, and the indifference of those businessmen chosen to serve on the committee. On 22/10/81 the NEPC Borno State had to be reviewed and was reconstituted.

Secondly, and perhaps most importantly from the point of view of promoting private indigenous businesses in the State, is the poor working knowledge, and misconceptions of the official brief of the NEPC by its own officers. This point can be illustrated by reference to correspondence between the NEPB and the State's committee, and actions taken which were harmful to the State's private sector.

Since the promulgation of NEPD 1977, the NEPB has passed on to NEPC Borno State, proposals and requests from eight foreign companies seeking partnership with private indigenes. For example Trade and Technology Management of Brussels sought a partnership to establish a biscuit-making factory. This opportunity was passed on to the Chamber, but only because the State government had already signed a contract on its own behalf for the establishment of a biscuit factory with another firm.

The NEPB forwarded to NEPC, Borno State, another letter (1/12/81) from V.J. Engineering of Leamington Spa, UK who wished to identify a company in Nigeria who would be interested in expanding into areas within the competence of V.J. Engineering. "Assistance may take the form of supplying detailed drawings to suit locally available chassis enabling a large degree of local manufacture with back-up in the form of kit packed circuitry . . ." The company produces mainly special commercial vehicle bodywork and small aircraft support tankers for airlines/airportsauthorities. As a vehicle-related company, it was considered by NEPC officials to be one of the priority areas of the State government. Hence the government became keen to

enter partnership, if V.J. Engineering would be prepared to restrict itself to manufacturing or supplying vehicle components. In the end officials dropped the venture proposed because the products of the company were considered unsuitable for local needs and because the State entered into an agreement with an Indian firm for the manufacture of vehicle parts. V.J. Engineering Ltd.'s quest for partners was only then passed on for consideration by the Chamber, as a last resort.

Bhandari Crosfields Ltd. of India, specialists in the manufacture of animal feeds, also sought indigenous partners. "We are interested in entering the Nigerian market and for this we are prepared to go in for a joint venture. We would appreciate if you will kindly circulate our enquiry to your members as we seek a local influential and financially sound party."¹⁵ The information was passed on to Animal Feed Mills, a State owned company, but no response was forthcoming. The message should have been availed to the Chamber for circulation to all its members, instead of merely being channelled to the one State owned firm.

However, there have been a few instances of the State directly passing on opportunities to the Chamber of Commerce and Industry. For example, seeking buyers on behalf of Alkin Taylor International Consortium Ltd., the NEPB sent a letter to NEPC (Borno) requesting a list of prospective buyers for the company's local assets. Also passed on 25/3/82 were Roads Nigeria Ltd.'s application forms for subscription, which was due to expire on 29/3/82.

Thus although the NEPC is supposed to play a very active part in linking private indigenous businessmen and potential foreign investors, the records show that in Borno State at least, the NEPC tends either to be passive or to explore the more promising opportunities notified by the NEPB for the benefit of the public sector in the State. Since the NEPC is an integral part of the Ministry of Trade and

Industry, any intending foreign investor in the State is seen as a potential partner of the public sector in the State. Only in instances where the venture would possibly duplicate an already existing State venture is such an opportunity re-directed to the private sector. This bias perhaps owes to misunderstanding of the NEPC's official role, which needs to be clarified. It is not yet obvious that the NEPC should enthusiastically promote the interests of private indigenous business, or instead consider first the State sector, or somehow serve both.¹⁶ If the answer is both, who should be given priority?

The third fact to emerge from the records in Borno State is the difficulties created for share acquisition by distance and the pattern of distribution of application forms for the shares. First, is the inability of the State to receive correspondence on time, owing to such factors as poor postal service, which provides a major constraint on participation.¹⁷ This problem is of course recognised by the NEPB, as in a letter of 21/4/77 to the NEPC, Borno State. The NEPC has pointed out on many occasions that application forms for the purchase of shares were late. For example, the forms for United Nigerian Textiles Ltd. were received by the State Committee on 8/6/77, and the closing date for applications was 27/3/77. In his address to the NEPB's second annual meeting of the executive Chairman and Secretaries of NEPC in Sokoto (9/8/82), Mr. Alile, Director General of the Securities Exchange Commission (SEC) referred to difficulties in the delivery system in the Stock Market involving the receipt of the share certificates and dividends, and in some cases to surplus money from unallotted shares. Mr. Alile talked of "high percentage of mails for shareholders usually returned as unclaimed even at times to well-known addresses."

Further difficulties experienced by the State, and not unique to

Borno State, result from the irregular and/or uncontrolled distribution of forms by banks. Staff of banks involved in the distribution of application forms and prospectuses have been known to restrict the distribution of such documents to themselves, their close friends and relations, and, perhaps less objectionable but still discriminating, to their important customers. This is widely practised in many States. On 30/4/79, a correspondent of the New Nigerian newspaper reported a similar problem of obtaining prospectuses and application forms of U.A C Nigeria Ltd. for the sale of its shares in Kaduna. All four banks that were investigated were not willing to issue forms when requested. The instance of irregular distribution of forms was encountered by the author in one of the commercial banks in Lagos in 1985, when West African Glass Company's application forms for the offer for subscription were released only reluctantly and after argument.

In Borno State, the existence of the Enterprises Promotion Committee is hardly noticed except on paper.¹⁸ This reflects the absence of a significant number of small foreign owned firms. There were only 17 such enterprises affected by the 1977 Decree in the State. In contrast, the records which were examined in Kano State had 135. Where there are subsidiaries of large firms, such as U A.C., S C O A and U T C , the correspondence is handled by the NEPB itself. Hence the activities of the committee in the State are very limited indeed. There was no evidence of any periodic meetings of committee members since the creation of the State. Some officers of the Ministry were conversant only with the 1972 Decree's outdated guidelines and not at all with the guidelines of the 1977 Decree!

One notable difficulty of the committee is in the area of communicating information and advice to businessmen.¹⁹ This problem came to the fore in the personal interviews carried out by the author

in 1982. Occasional visits by committee officials to the offices and residences of prominent State businessmen nearly always seem to end in frustration and failure.²⁰

(iv) Compliance

The amount of ₦120 million spent during the 1972/74 implementation exercise represented 77.5% of the 954 businesses listed under Schedules I and II, i.e. 740 affected enterprises had complied by September 1974. About 237 of the 326 business units listed in Schedule I, amounting to approximately ₦13, complied. In Schedule II, 503 of the total 628 enterprises were bought for approximately ₦109 million and changed hands.²¹ By 30th June 1977 13 companies had complied with the provision of the 1977 NEPD.²² The sale of parts of all these companies amounted to ₦50 million, and the sale was conducted between April and June 1977. Both Government and private indigenous investors bought shares in the companies. Because of the large stake such major companies have in the Nigerian economy, they could not afford to be seen to obstruct the workings of the law.

Given that the NEPD specified 31st December 1978 as the deadline for compliance, it was pointless to hurry enterprises in the way that the NEPB and CIC suggested.²³ A new timetable for all affected enterprises was drawn up. The Board recommended that all those enterprises that came under Schedule III be required to comply by 30/6/78. New enterprises under Schedule II, excluded from the 1972 NEPD, were to comply by 31st August 1978. Schedule II enterprises already listed under the first NEPD were to comply by 31/10/78, and Schedule I enterprises by 31/12/78. The Board's concern for possible non-compliance is understandable, but the enterprises needed time to look for appropriate buyers. The various attempts made to persuade foreign investors to speed up the process achieved very little success.²⁴

After the promulgation of the 1977 NEPD, at least 20 petitions were written to the Commissioner and/or NEPB, mostly trying to seek reclassification of firms from lower category to higher ones. At least three petitions were for total exemption.²⁵ Such petitions were written in part to gain more time, and the parties recognised that their chances of success were quite remote.²⁶

There were 500 firms that had not complied by June 1978, out of the total number of 993 listed under the 1977 NEPD. The majority of defaulters were, according to the Chairman of NEPB, Mr. Gadzama, during an interview on Nigerian Television (NTA, Lagos) Lebanese, Indian, Greek and Italian firms. This is also true of our survey in the North. Over three-quarters of the defaulters are Lebanese. As at the date, those enterprises yet to comply had been given six months to do so by the dateline of 31st December 1978. They were also advised to proceed with sending necessary documents to **the Capital Issue Commission (CIC)** for valuation before the end of June 1978. The first progress report on the implementation process of the 1977 NEPD noted that "a definite milestone needed to be established by which affected enterprises can be deemed to have complied."²⁷ In view of this, all companies that were to sell shares through the issuing houses decided that the final meeting at which prices were agreed must be considered as the date of compliance. However, mere agreement on prices need not necessarily bring about a change of hands of those businesses, and so not really fulfil the requirement of compliance in a meaningful sense.

^a
Between 1977 and 1982 18 firms were sealed and 26 co-managed for a brief period because of non-compliance.

Table I

Federal Government Press. Economic and Statistical Review 1978

Indigenisation Decrees: Rate of Compliance

<u>Description</u>	<u>1972 Decree</u>	<u>1977 Decree</u>
(1) No. of enterprises affected	950	1,200
(2) No. of enterprises complying	730	1,120
(3) No. of shares sold	N.A. ⁺	280,000,000
(4) Sales value of the shares	₦122,000,000	₦350,000,000

Sources: Nigerian Enterprises Promotion Board, Lagos.

Nigerian Stock Exchange, Lagos.

⁺N.A. - Not Available.

It must be noted that even in 1983, there were still over 240 enterprises under Schedules II and III that had yet to fully complete the process of complying.

In the north of Nigeria, 194 enterprises have complied with the 1977 NEPD, according to NEPC Kano zone records. 152 of these are in Kano and 42 in Kaduna. There are also a total of 54 enterprises reported not to have complied. 28 of these are in Kano, 7 in Borno, 7 in Sokoto and 12 in Kaduna States. In our sample of the companies in the North, the post-compliance reports show 21 firms who claim to have complied with the 1977 NEPD but have failed to convince the inspectors. The post-compliance reports describe six cases as "suspects" and one company is under co-management. About 17 companies have been issued with the certificate of compliance in 1983.²⁸ The failure to comply in the case of these companies relates to such matters as the non-fulfillment of 10% workers' participation (see chapter 7), unsatisfactory information, lack of proof of a claim to O.A.U. or Nigerian citizenship, lack of proof of sale of shares or payment for shares by aliens and Nigerians. In only about four cases are alien

proprietors reported not to have been able to find buyers. In another company where four persons were offered ₦13,200 worth of shares, they declined.

There are 50 new companies which are still in the process of complying. 45 of these are established in Kano, 2 in Kaduna, 2 in Jos and 1 in Sokoto. These companies were established without the knowledge of the Board or NEPC Kano zone. They were eventually discovered during a tidying up operation between 1980-81. In addition, there are probably many non-complying cases as yet unknown to the authorities, of the sort which are uncovered by the press from time to time and which have been reported in Lagos, Kaduna and Sokoto since 1983. Some influential indigenous companies carry out independent investigations of foreign companies which are suspected of undertaking businesses reserved for Nigerians. For example, Odutola Tyre ^{Sale} Company had written a petition (3/8/78) to the NEPB protesting an alleged practice of tyre treading by some foreign firms. Odutola Tyre Sales Company Ltd. maintained in a confidential letter that there was a "flagrant violation of the laws . . . by some expatriate construction companies currently operating in the North of Nigeria, where four road construction companies of Italian origin (Bacoloni, Stirling Astaldi (sic), Roccon Construction Company Ltd., Boroni Prono Nigeria Ltd.) have set up plants to retreat tyres . . . This is done with impunity in the face of the Nigerian Enterprises Promotion Decree 1977, Section 1, item 38, which stipulates that tyre retreading is the exclusive reserve of Nigerians." This allegation was partially investigated and reported in respect of only one of the companies, Stirling Astaldi (8/5/79). The report was based on one visit by an inspector to the company's premises and an interview with the company's commercial manager and two employees. The inspector concluded that Stirling Astaldi Nigeria Ltd. was not operating Retreading of Tyres at the

time of . . . inspection.

As a watchdog in other States, the zonal branch, Kano was recently able to detect one case of non-compliance in Maiduguri, that of Hawker Siddeley Power Nigeria Ltd., part British subsidiary with its main head office at Ibadan. The company was awarded a contract worth £N15 million by the Federal government to install heavy generating plant in New Marte as part of the Chad Basin Development Authority Irrigation Scheme. Hawker Siddeley Power Engineering U.K. came to Nigeria in order to cope with the growing demand for new power stations.

Although the method by which the firm was found out is not known, it is clear that Kano zonal office, not the Borno State Committee which was situated barely two miles from Hawker Siddeley's office at Baga Road, made the detection. The firm was given a further three months within which to comply. The official correspondence from the Ministry of Trade and Industry, which acts as the NEPC of the State, showed that the zonal officer, Kano Committee, had sent a "Board circular" to the Ministry of Trade and Industry to arrange a 24 hour surveillance of the firm. The circular was never received by the Ministry due to the poor state of the postal services. A letter of notification was written (13/1/83) to the Borno State Commissioner of Police to seal up Hawker Siddeley. The Police were also requested to provide a one week surveillance after which a private security arrangement would be made.

Before the request was made to the Police, the zonal secretary, Mr. Mohammed, presented the letter of instruction to seal the firm. Letters were also sent to Permanent Secretaries of the Ministry of Trade and Industry, Internal Affairs and the Central Bank of Nigeria (CBN) notifying them of the sealing of the company. But by 4/2/83, a further decision was taken by the Board to allow Hawker Siddeley three months to comply.

Similarly, Sokoto Furniture Factory, jointly owned by a Lebanese proprietor (60%) and Sokoto State government, was first sealed and then reopened. The alien proprietor was supposed to sell 20% of his holding to the State government, according to the Board's directives. The alien proprietor insisted instead on selling to what the Board calls "his fronts"- private Nigerians. This led to the co-management of the company, but the officer assigned to co-manage the company was resident at Kano and this allowed the alien proprietor an opportunity to sell the 20% to private Nigerians of his choice for cash, without the approval of the Board.

All the indications show that Nigeria's methods of implementing its Enterprises Promotion Decrees have been characterised by a "softly, softly" and lenient, not to say lax approach. A second conclusion that can be drawn is that there is no efficient system of inspection from the non-zonal Committee offices, as in the case of Borno State. Even where a firm is detected there is no effective and adequate machinery to enforce the decisions of the Board.

The poor record of handling implementation is of course not entirely due to such administrative deficiencies as ineptitude, poor communication and insufficient numbers of inspectors. A former member of the NEPB inspectorate team has identified a further political cause discovered from his own experience. Balakany Company, a borehole digging firm, jointly owned by Nigerians and foreign shareholders, was at one time clearly seen by the NEPC to be non-complying. The NEPC simply shied away because the company's indigenous shareholders constituted prominent and influential Nigerians (an ex-governor and traditional rulers). Only in 1980 was 34% of the 40% alien holding reallocated to indigenous shareholders, leaving the aliens with 6% of the total equity.

The weakness of the Board in its efforts at policy implementation

has been officially confirmed by the Chairman of the Board, Mr. Gadzama, to the effect that the Board was not interested in co-managing, sealing or taking over non-complying companies. This timidity has, quite naturally, not gone without public comment. For example the New Nigerian (6/4/79) asserted that "the crucial task of making defaulting companies cooperate with government in order to achieve national objectives still remains . . . a task that the authorities can best handle. Action is what is needed in this matter of laid down rules, not wishful hopes that our erstwhile exploiters will gracefully hand over the geese that lay the golden eggs."²⁹

The slow rate of compliance was abetted further by changes introduced to the NEPD by the civilian government in October 1979. While prior to 1979, affected enterprises were not able to take the Board to court, this position was overturned as a result of repealing Section 22 of the 1977 NEPD in October 1979.

In the past the Board had the power to freeze the accounts of non-complying companies and take whatever other measures were necessary to enforce compliance. Yet, the Chairman admitted in 1983: "We did not exercise these powers indiscriminately. We used our power to seal under Section 14 sparingly, even when many companies under Schedule I did not comply, because we do not want to put people out of a job."³⁰ This point was also forcefully expressed by an official of NEPC in private conversation. The records show that the NEPB has been responsible for paying the wages in sealed up firms. The financial burden imposed on the Board by maintaining the workers during the company's non-operational period may well have contributed to its general reluctance to seal up firms.

The problems of sound implementation of the NEPD seem to be intractable. Many old and new enterprises continue to flout the NEPD's requirements. Another recent case was in March 1984. The

New Nigerian newspaper (24/3/84) reported that Inco Beverage of Sokoto was found to have "refused to comply with the requirements of the NEPD, almost 18 months after its establishment." As a soft drink factory, classified under Schedule II of the 1977 Decree, 60% share ownership should have been held by Nigerians. But the State's Commissioner of Trade, Industry and Cooperatives, Alhaji Bello Shehu Usman, announced to the press that the firm had yet to dispose of about one third of its shares. A unique **type** of "fronting" was reported in this case. The company was said to have been provided with land to build the factory by a Nigerian who subsequently became Chairman of the firm. Upon presenting a list of Nigerian directors, the local authority not only undertook to improve the land, but also to issue a new immigration business permit. Later, according to the report, none of the Nigerian directors was found to have fully paid for their shares. Moreover, the 10% mandatory workers' shares had not been released to the employees. The NEPC which should have been responsible for investigating the affair had yet to show any signs of life, and had to be reconstituted by the new military administration in 1984.³¹

A further case reported by National Concord (7/4/84) concerned a Lebanese furniture company already sealed by the NEPB. Apart from tax evasion and smuggling, the company operated under two different names (Sleepwell Comfort Ltd. and Decoral Activities Company) as a means of escaping the requirements of the 1977 Decree. It is not the fact that a Lebanese firm was attempting to avoid compliance, but instead the response of the Board that is interesting. Here, as in other cases, the Board was unable to do much. Mr. M. Owanuwa, the Secretary of the Board, allowed that if the owners of the firm could prove that one of the firms, Decoral Activities Ltd., was being liquidated, and there was evidence of share ownership in the

other (Sleep Well Comfort), then the firm would be allowed to reopen.

Any approach by the monitoring authorities that is as generous as this will only serve to encourage complacency and malpractices among foreign investors and their Nigerian partners who know that the Board is disinclined to be severe.

Many of the more genuine difficulties and delays experienced by companies in complying with the NEPD owe to the following reasons. First, is an inability to find indigenous buyers with adequate financial resources. Second is the past unprofitability, and hence the unattractiveness of the companies in question. Third, is the remote geographical location of the firms and their lack of proximity to potential buyers. Nigeria is a large country, and moreover, if the business (particularly small proprietorship type) is located outside the region of a potential purchaser then he may hesitate on political grounds, most notably concern about inter-ethnic and inter-regional sensitivities.

At the national level, out of a sample of 1,888 (from a total of about 3,025) companies registered with the NEPB between 1972 and 1984 about 73 are either liquidated or wound up. Many of the firms that formally declined to meet the NEPD's stipulated requirements were of U S. origin, and eventually chose to leave Nigeria. Nevertheless, a majority of both U S. and non-U S firms chose to comply. CBN records show that "In 1971, the increase in inflow was shared by all sources of foreign capital but in 1972, the sharp decline in inflow due to the United States companies more than offset the continued increased inflow from all the other sources."³² Similarly in 1977, the large Schedule III firms that decided to leave were of American origin. For example, International Business Machines (IBM), after long negotiations with the Federal government in search of total exemption, decided to leave rather than to comply with the requirement of 40%

indigenous equity ownership, under Schedule III of the new Decree in 1977. Curiously enough, after it left, IBM reappeared in Nigeria in 1978 as a 40% share owner of Data Processing and Maintenance Services Ltd. (DPMS).

The withdrawal of such companies did not generate significant unemployment at the time. The total indigenous staff of 140 working for IBM was relatively small compared to the capital involved. Moreover, most of IBM's staff were expected to be absorbed by a wholly indigenous firm that was to serve as agent of IBM, carrying on maintenance and marketing services. Another American firm, classified by the second NEPD under Schedule II, was National Citibank of New York, which at first refused to accept 60% Nigerian participation. Twenty-one senior Nigerian employees were required to leave. Subsequently, however, 60% of the shares was Nigerianised.³³ Palmolive Colgate Company actually left as a result of the 1977 Decree.

In summary of this chapter, it can be said that the NEPB and its committees which were set up to implement the NEPDs and monitor the performance of affected enterprises, and at the same time undertake to promote indigenous enterprises, have been constrained by limited legislative powers and inadequate financial and human resources. The experience of the NEPC from some States also suggests that the committees have been confused about the guidelines which they should follow. In the case of Borno State, the NEPC has tended to serve or promote the State's interest rather than the private sector.

With regard to the rate of compliance, many enterprises were dilatory and a variety of methods has been deployed by foreign companies to avoid or at a minimum postpone compliance. However, the majority of companies were willing to comply and remained in Nigeria. As will become clearer in the next chapter, the methods of compliance also varied, from raising the equity capital base of the company to enable

alien proprietors to retain their position, to allocating shares to a small number of people, or obtaining Nigerian citizenship. Such methods as these are practised mainly by small and intermediate sized Lebanese firms in the North. As for the publicly quoted companies, shares were offered for subscription and sale which enabled some low income brackets to acquire token shares through low valuation of shares.

In the next chapter, we shall attempt to identify the main categories of beneficiary of the NEPDs, difficulties encountered in funding the indigenisation scheme, and management and control problems in partially indigenised enterprises. Lastly we shall examine the issue of Nigerian citizenship which has led many aliens, particularly the Lebanese, to apply for naturalisation to enable them to remain in business.

Notes and References

Chapter 4

1. Central Bank of Nigeria (CBN) - Economic and Statistical Report volume 14 no. 1 1976, p. 15 (Statistics table)
2. In 1980, the government approved the establishment of a new promotion department in the Secretariat of the NEPB, but **this** has not started^t operation because of the poor financial position of the Board - See NEPB, 1983 Annual (8th) Progress Report on the Implementation of the NEPD 1977, p. 5.
3. Ondo State government tabled a bill in 1982/83 before the State's House of Assembly to pass legislation enabling the NEPC to charge fees for registering enterprises.
4. The records show that on many occasions, individuals who are allocated larger shares than they normally should have are referred back by the NEPB for reallocation. There are also many who have been approved to buy the shares despite exceeding the recommended allowance.
5. NEPB, 1983 Annual (8th) Progress Report on the Implementation of the Nigerian Enterprises Promotion Decree 1977, p. 3.
6. Ibid. p. 4.
7. While talking to the staff of the NEPB, the Chairman of the Board turned up with a receipt from a foreign owned restaurant. When the record was checked, the restaurant was found to be not registered.
8. Kano Zonal Office correspondence to NEPB, Lagos on 12/8/81 and 17/°/81.
9. G.O. Onosode, Chairman, Inter-Commerce and Consulting Associates

Ltd. - seminar paper to Association of African Development Finance Institutions on 23/3/83, Kaduna, extracted from New Nigerian (Kaduna) 26/4/83.

10. NEPB, Fifth Progress Report on the Implementation of the Nigerian Enterprises Promotion Decree 1977 covering the period 1st March 1979 to 30th April 1980, p. 11.
11. Ibid, Appendix A p. 1.
12. Cooperative societies are attached to the Ministry of Trade and Industry.
13. Minutes of the second meeting of the Executive Chairman, Nigerian Enterprises Promotion Board, the Board and of the Chairman and Secretaries of State Enterprises Promotion Committees Sokoto, 9/8/82 p. 14.
14. See New Nigerian (Kaduna) editorial, 27/7/83
15. Letter to NEPB on 12/8/82.
16. In its memorandum to the 1982 annual meeting of the NEPB Chairman and Secretaries of NEPCs, the Lagos State Committee also put the question as to what role it is supposed to play.
17. At the time of our interview, a few individuals did turn up at the office (Ministry of Trade, Industry and Cooperatives, Borno State), complaining that they had not received dividends for over three years since their purchase of shares.
18. As at 15/6/77 it was able to compile a list of only 17 alien companies affected by the 1977 NEPD.

19. An interviewee from Borno State Ministry of Trade, Industry and Cooperatives, who serves as a member of the NEPC, emphasised the public scepticism which surrounds his mission. When he approached local businessmen to enlighten them on how to acquire shares from enterprises affected by the NEPDs, they were apprehensive and regarded him (the official) as the "tax man".
20. The evidence was gathered during a visit to the Ministry between September and October 1982.
21. Ezeife, E. "Nigeria" in Indigenisation of African Economies, (Hutchinson, London) edited by A. Adedeji, p. 176.
22. These companies are UTC, UAC, CFAO, John Holt, FZ Industries, SCOA, BEWAC, Leventis Stores, Leventis Motors, Leventis Technician, Bata, Bhojan Company and Chellaram and Sons.
23. See NEPB, First Progress Report on the Implementation of the Nigerian Enterprises Promotion Decree 1977 (January-October 1977) passim.
24. Most of the large and medium-sized enterprises had been valued months earlier than the compliance date of 31/12/78.
25. NEPB, First Progress Report op. cit. p. 15.
26. Official sources reveal that as many as 81 enterprises had been exempted from the 1972 NEPD. For this information see Anifowose, R. op. cit.
27. NEPB, First Progress Report (NEPB) 1977, op. cit. p. 3.
28. See also the NEPB, 1983 (3th) Progress Report, op. cit.

29. New Nigerian (Kaduna) editorial, 6/4/79.
30. Minso Gadzama, Chairman of NEPB, quoted in African Business,
March 1983, No. 55. p. 56.
31. New Nigerian (Kaduna) 24/3/84.
32. CBI Economic and Financial Review vol. 14 No. 1, March 1976,
p. 15.
33. Daily Times (Lagos) 10/9/76.

CHAPTER 5

Beneficiaries and Shares

It has been shown in chapter 4 above that the NEPB and the NEPCs were created to ensure the implementation of the Decrees' provisions, and some of the difficulties faced by the Board and its State Committees have been discussed along with the problems of compliance. We must now look at the issue of share distribution and the identity of beneficiaries.

(1) Beneficiaries

The Industrial Panel's report (1976) not only confirmed a record of only limited compliance with the first Decree, but also was critical of the failure to lay down a basis for ensuring an acceptably wide spread of ownership of shares.

Given the way that shares under the first Decree had become concentrated in a few hands, the report recommended (1) revocation of transactions where purchase of 40% of equity shares of enterprises in Schedule II was by less than ten persons (2) revocation of transactions where acquisition involved no purchase (3) an upper limit in the future on the amount of shares a single Nigerian can acquire per enterprise i.e. 5% or ₦50,000 restriction (4) some enterprises under Schedule II should be acquired by public sector institutions on behalf of the Nigerian public, through the Lagos Stock Exchange (LSE) and (5) 10% of shares of any "going concern" be allocated to company staff.

First, the government wished to see enough companies go public to enable a substantial body of Nigerian citizens to acquire shares. As a result of the 1972 NEPD, there were just under 400,000 shareholders recorded at the Stock Exchange in 1976. The number rose to over one million shareholders after the implementation of the 1977 NEPD. But essentially the overall outcome was still the enhancement of a relatively small number of shareholders - those who possessed sufficient information and financial wherewithal to take advantage, rather than a broad and even spread of shares. This point is easily conveyed by

simple reference to the total population of Nigeria - upwards of over eighty and a half million, according to National Population Bureau, Lagos (1978) (the exact number is difficult to gauge and is very sensitive politically because of the critical question of its regional distribution).

In 1972 there were 13 companies quoted under LSE by firms complying with the 1972 NEPD. As a result of the government's request to sell shares to the public, 70 companies sold shares worth about ₦200 million to the public through the Stock Exchange. ₦70 million worth of shares was by offer for subscription, while the remaining ₦130 million was by offer for sale.

In 1977, 78 companies dispensed over 300 million ordinary shares valued at around ₦210 million so as to comply with the 1977 NEPD. Over 70% of the shareholders affected by the NEPDs between 1972 and 1983 are individual Nigerians, and their aggregate interest amounts to about 30% in value of quoted shares. Most of the 103 publicly quoted foreign-owned companies in 1985 have their shares thinly distributed through a low per share valuation of the saleable stock, although the beneficiaries are still a tiny minority of the population. On average these companies have ₦0.05 per share valuation that has enabled some people in low income brackets to acquire a token number of shares. The executive director of the Securities and Exchange Commission, Mr. G.A. Akamiokhov, and the Chairman and Chief Executive of the Nigerian Acceptances Ltd. and Chairman of Cadbury Nigeria Ltd., Mr. Onosode, have reported that the Lagos Stock Exchange (SEC) allotment policy has been in favour of the smallest investors "who invariably are allotted 100% of what they have applied for whilst the largest investors may get no more than 5% sometimes even less." Although no data was presented in support, there is no reason to dispute the claim since both men are prominent insiders and participants

in the indigenisation exercise. One can therefore only calculate the average Nigerian's total maximum he has applied for on the basis of a few companies' data.

To take one example, in selling 60% of its shares, UAC (Nigeria) with an authorised and paid-up capital of ₦297 million (in 1980) allotted 14.3% of the saleable shares to 98,030, 5.32% to 20,823, 7.40% to 14,850, 0.73% to 137, and 96 Nigerians acquired 31.31%.¹ The table (I) below shows UAC's 60% share distribution to the indigenous sector.

The aggregate majority of individuals who hold 14.30% of the company's equity may have, on average, applied for a maximum of ₦433.2 worth of shares each, as can be seen from the table. On the whole the average Nigerian holding in the 60% of the saleable stock is ₦1,326.9. About 92% of the indigenous shareholders own less than the average holding and 8% own more.

A very similar pattern of distribution is also recorded for Pfizer Products Nigeria, another public company with an issued and paid up capital of ₦4,687,500.

By contrast, most of the Lebanese, Syrian and Indian owned medium or small enterprises (which are wrongly assumed by some observers² to have been within the sphere of sole indigenous ownership) are still partly owned and controlled by alien proprietors, as our inquiry has revealed. Unlike the publicly quoted companies, the private Lebanese and Indian enterprises that are examined in the North show two distinct characteristics. First, the valuations of their shares are higher than those of the public companies. The average per share valuation in the sample is about ₦2, and some are as high as ₦20 per share valuation. Secondly, the shares are highly concentrated in the hands of the same alien proprietors and the State and Federal governments. Because the private companies are legally entitled to limit their membership (shareholders) to between 2 and 50, their position has inhibited the

TABLE I - DISTRIBUTION OF SHARES IN UAC

CLASS OF HOLDING (₦)	NO. OF SHAREHOLDERS	PERCENTAGE OF NIGERIANS OF NIGERIANS	PERCENTAGE OF HOLDING	PERCENTAGE OF NIGERIANS WHO OWNED SHARES IN EACH CLASS	TOTAL (₦)	AVERAGE IN EACH CLASS (₦)
Under 500	98,030	73.0	14.30	23.8	42,471,000	433.2
501 - 1,000	20,823	15.5	5.32	8.9	15,800,400	758.8
1,001 - 5,000	14,850	11.1	7.40	12.3	21,978,000	1,480.0
5,001 - 10,000	364	0.3	0.93	1.6	2,762,100	7,588.2
10,001 - 25,000	137	0.1	0.73	1.2	2,168,100	15,825.5
Over 25,000	96	0.07	31.31	52.2	92,990,700	968,653.1
CWA holding parent co.		+	40.00	+	118,800,000	+

Source: UACN Ltd. Annual Report and Account for 1980 (Lagos) from Adejugbe, M. -

"The Myths and Realities of Nigeria's Business Indigenisation" - in Development and Change October, No. 4, vol. 15, 1984, Table 1, p. 583.

+ These columns are based on the Author's calculations.

Government from making any more egalitarian demands. In this group of enterprises, the aggregate low-income individual Nigerians are almost entirely excluded. These two patterns of distribution of shares are highly relevant to the issue of control which is reflected in almost all discussions about indigenisation in Nigeria, and which will be discussed in Section 3 below.

Between January 1977 and December 1981 the CIC (SEC) valued 1,078 enterprises made up of 916 private companies and 162 public companies with shares totalling 787 million. The value of the enterprises considered during the period was ₦551.2 million made up of ₦138.6 million for offer for sales and ₦413.14 million for offer for subscription.³

The manner of involvement of the CIC and LSE in indigenisation was to engender a critical response from some foreign business representatives such as Mr. E.C. Judd. In a speech to The Royal African Society (20/5/76) he noted that share offers were made under an arbitrary pricing system and that most of the prices which were determined by the CIC tended to be well below the seller's view of a fair figure.⁴ One reason given for the low prices was that they would encourage a wider section of the public to buy shares, and thus diversify ownership. However, it is not surprising that a government so keen on its programme of achieving economic independence should look for a transfer method that would ensure the best deal for its nationals. It was precisely in order to protect the investing public against companies that misrepresent their actual situation that the government decided to bring in the Stock Exchange and the CIC in the implementation exercise. Indeed, some of the discrepancies in valuation may be due to the companies' own previous practices of under-declaring profits for tax purposes. In the initial fixing of prices, the CIC adopted the conventional methods of valuing shares such as fixed assets, previous and present incomes, the amount of dividends paid annually

and expected growth in the future. A range of other factors have also been taken into account, including forecasts made about the future. What is interesting is that in spite of issuing complaints, foreign firms by and large put up with the methods proposed and went on to take advantage of the alternative business opportunities created for them.

Since under the 1972 NEPD there had been no compulsory valuation by CIC or limits placed on what an individual Nigerian could acquire, the firms were free to determine the value of the shares and their buyers. After the valuation, the firm usually arranged bank loans to the prospective shareholders, and then the loans would be repaid out of the dividends which the shareholders obtained. Companies opted for this pattern of compliance with the Decree in the interests of business secrecy. It is safer to disclose company operations to a lesser number of people than to a larger number of shareholders for valuation. Passing on 40% shares to a selected few would not require the original owners to publicly disclose details for the purposes of evaluation.

The new Nigerian directors were not necessarily selected according to relevant business expertise, although in some cases ex-State officials were recruited from Ministries of Finance or other government agencies which dealt with business or had business orientations. However, the absorption of top military brass and traditional rulers who possessed no business experience can only be explained in terms of their public relations value to the firm. Examples of such appointments are numerous. At least 4 of the military Governors in the North under the Gowon regime and other army Generals were allocated significant shareholdings. Traditional rulers, Emirs and other traditional title holders and members of their families have acquired shares or were given directorships. Eleven Northern aristocrats acquired ₦91,100 worth of shares and 50,000 unvalued shares in 7 companies under the 1977 Decree, and

another company allocated 40% of its shares. However, in comparison with the military/bureaucratic group and businessmen their holdings are very small. They may have been allotted shares and directorships only in order that they then patronise companies which operate in their area of reign and political influence.

Other ex-State officials can also be mentioned here. The former Secretary to the Federal Military government, A. A. Ayida, later became director of the German company Continho, Caro and Co. Ltd., and director of Lever Brothers Nigeria Ltd. A dismissed Chairman of the Federal Public Service Commission, Alhaji Sule Katagum⁵ became the chairman of Continho, Caro and Co. Ltd. The retired Federal Commissioner of Finance, Major General J.J. Oluleye, was appointed director of UTC, Mr. Liman Ciroma⁶, a former Secretary to the Federal military government, was appointed chairman of UTC and of Tate and Lyle Nigeria Ltd. Chief Asabia, deputy Governor of CBN, became the director of the First Bank (Chartered Standard) Nigeria. Mr. J. Udoji, head of the Eastern Nigerian Civil Service, and later to become the chairman of the Wage and Salary Commission (1974), became director of Nigerian Tobacco Company (NTC). Mr. Ahmed Joda, a former Federal Permanent Secretary, Ministry of Information and Labour, took the chairmanship of SCOA.

The Nigeria Company Handbook (and guide to Operating Business in Nigeria), 1980, also contains the following information about current and ex-State officials and their connections with foreign firms. Vice-Admiral J.E. Akinwale Way, head of the Nigerian Navy under the Gowan regime, acquired jointly with Chief L.E. Edet, 40% of ARBICO Ltd., a building construction 60% owned by the foreign firm B.C. Economides. This business is classified as Schedule II, yet it has remained in foreign majority ownership.⁸ Alhaji Ado Bayaro⁹, Emir of Kano, became director of BEWAC Ltd., importer and distributors of motor cars,

commercial vehicles, agricultural tractors and machinery.¹⁰ The Emir is also director of R.T. Briscoe Nigeria Ltd., while J.O. Udoji is its chairman. (R.T. Briscoe deals in the importation and sale of technical equipments, printing machinery and paper, pharmaceuticals, telecommunications equipment, motor and parts). The major shareholders in Bhandari and Company (Nigeria) Ltd. (manufacturers of stadium and sports equipment, dealers in sports scientific goods and school suppliers) are S.A. Pitan, Alhaji Ibrahim Imam, a prominent politician of the First Republic and M.A. Diете Spiff, a former Military Governor under the Gowān regime.¹¹ Major General O. Olutoye and Dr. A. Bamisaiye wholly own Concorde Furniture Manufacturing Co. Ltd.¹² Alhaji Ibrahim Damcida, former Permanent Secretary, Ministry of Defence, at the centre of an inquiry into the scandalous importation of cement which led to his retirement from office, was later appointed the director of ENPEE Industries Ltd., textile manufacturing, weaving and processing business.¹³ Alhaji Shehu Shagari, former Federal Commissioner of Finance (later to become the civilian President of Nigeria in 1979) was the director of Paterson Zochonis Industries Ltd. (PZ) (manufacturers of soaps, detergents, cosmetic and perfumery). This company is 60% Nigerian and 40% foreign owned.

There are also many ex-heads of diplomatic missions appointed to the chairs of public companies in Nigeria, such as E.O. Ogbu, former Nigerian permanent representative to the United Nations during the Gowān government, who was appointed to the Board of John Holt in 1977. Bringing prominent Nigerians, and especially ex-officials, into foreign firms in this manner would provide a valuable insurance policy to the foreign partners. Such shareholders were usually well versed in government policy-making and measures relating to foreign investment, and they could supply well-informed advice. Furthermore, firms with those sorts of Nigerian at the top executive levels are more likely

to obtain local concessions from the public authorities quickly and with fewer difficulties, because of connections with currently serving Government officials and other top Nigerian directors.

The attitude of the Federal government towards private deals under the 1972 Decree was one of neutrality and indifference. The NEPB made it clear that "the Federal government had no intention of fettering the freedom of an individual to negotiate the sale of a business on terms he considered equitable."¹⁴ Under the 1972 Decree, foreign vendors were not required to inform the NEPB and the Ministry of Finance prior to transactions with Nigerians. Most did so only after the conclusion of the deal. Nigerians involved in the purchases were not even required to report either to the Board or the Ministry of Finance. This state of affairs left the authorities in darkness as to who was selling what, and who was purchasing from whom. Not until after 1974 did the authorities and members of the public begin to realise what had been going on, and the serious implications. Although by March 1974, the concentration of ownership in a few hands was becoming fairly clear, it was nonetheless not possible to determine exactly the extent to which the Nigerian economy was indigenised. It was only after the dateline, March 1974, that conclusive evidence started to emerge.

Contrary to the Federal government's previous indifference to the sale and transfer methods of enterprises, the 1977 NEPD classified enterprises into private and public, and put the latter under the jurisdiction of CIC and the LSE, and the former under the NEPB. However, it has become a standard practice since 1979 that in both private and public companies' transactions the Securities Exchange Commission (SEC) must determine the price of sale. Any business transaction that does not involve the above rules is considered to be "null and void".¹⁵

Before the inception of the SEC, the Allotment Committee of CIC was empowered by the Decree (Section 11(1)) to ensure first, that shares be spread as widely as possible. Secondly no enterprise should be sold or transferred to one person (except in the case of owner-manager), nor would an individual be allowed to control more than one enterprise. Thirdly, the Committee must ensure that no more than 5% of the equity of an enterprise or an equity valued at ₦50,000 be allotted to an individual. Fourthly the Committee must ensure that no less than 10% of the saleable shares of any enterprise under Schedules II and III be reserved for the employees of the enterprise concerned.

The intent of the Decree on wider share distribution has not been respected in many cases. From our sample of privately incorporated (and six publicly quoted) companies in the North, at least ten companies have been taken over individually by ten Nigerians each acquiring the whole of the company. Eight of these companies are in Schedule I and two are in Schedule II (in which 60% was taken over). The highest numbers involved in acquisition of one company's saleable share is 22. On average, the number of allottees range between two and ten. Furthermore, there are 40 individuals and families who have shares in more than 2 companies. The two highest shareholders possess ₦1,782,870 and ₦1,522,788 in 5 and 8 companies respectively.

The NEPD required that the CIC be provided by the affected enterprises with all relevant information about the existing shareholding. Official records suggest, however, that no special efforts were made to obtain such information. Both the NEPB and the CIC relied on the data forms which had been completed by foreign enterprises in 1972. Despite the Decree's guide to the Board and the CIC on how to avoid a concentration of shares in a few hands, very little has been achieved in this regard, as is shown in the example of shares issued by such publicly quoted companies as the UAC (Nigeria) referred to above (page 3) and to an

even greater extent in the case of private companies. In our sample, shares in private companies with authorised, issued and paid-up capital of between ₦200,000 and ₦600,000 have been allocated to a select group of ex-State officials and businessmen.¹⁶ The concentration of shares is greater among intermediate Lebanese and Indian firms under Schedule I and II (see chapter 8). The method of acquiring shares shows that some transferees have not even paid for their shares, and in a few cases cheques issued to the vendors have not been cashed. In some cases indigenous buyers have paid for their shares by contributing office premises, furniture and equipment. Thus 2 companies allotted ₦185,000 worth of shares to 3 Nigerians as payment for office furniture, rents and writing off earlier debts owed by the company to the Nigerian allottee (buyer). Evidence also exists of loans being taken up by Nigerians from a company so as to pay for the shares they have acquired in it. Four companies gave loans totalling ₦218,000 and 4,450 unvalued shares to four Nigerians.

The references made by Dudley in his study of Nigerian government and politics 1982, to the report of the Federal Assets Investigation Panel's report, can be turned to here, for further illustration of the methods by which State officials have acquired shares and the ways in which foreign firms have connived in this.¹⁷ The former Commissioner of the Federal Ministry of Works, Mr. F. Okunnu, was assisted by a private company to acquire loans from a commercial bank, United Bank of Africa. The Ministry of Works which Mr. Okunnu headed, was one of the lucrative Ministries through which the Federal government spent so much by awarding contracts to private firms in the 1970s.¹⁸

Although it is not clear as to how and under what circumstances Mr. F. Okunnu and the company first came to know each other, the relationship between the two brought to light by the Panel clearly establishes that in 1974 Siemens Ltd. guaranteed a loan of ₦35,000

by United Bank of Africa to Mr. Okunnu who proceeded to purchase shares from the same company, Siemens Ltd.

A second case concerns the retired chief of banking operations at the CBN, Mr. F.A. Ijewere. Like Mr. F. Okunnu, Mr. Ijewere was also involved in acquiring shares from a foreign company, Smeaton (Nigeria) Ltd. (specialises in electrical and plumbing). Why and how Mr. Ijewere became the owner of the firm after indigenisation is not difficult to guess. Central Bank of Nigeria (CBN) awarded substantial contracts to Smeaton Ltd. running to ₦5,900,135 directly and indirectly.

By contrast to such devious methods of share acquisition, there is the more open route by which officials make use of loans from the banks. The immediate beneficiaries of the State's directives that commercial banks grant loans to indigenes were State officials. One example was the Federal Commissioner of Ministry of Health, Dr. J.E. Adetaro, who secured a loan of ₦118,932, from which he was able to buy 60,201 shares in at least 13 different companies. Another high ranking government figure, Mr. Philip Asiodu, was able to obtain two loans, between 1974 and 1975, ₦345,000 and ₦1,105,000 respectively. The first loan was a personal one, and the second loan was granted to firms in which he or his relations were shareholders.²⁰

No account of the beneficiaries of indigenisation can leave out the institutions of the State, for government was sufficiently determined to make indigenisation a success that it was even prepared to resort to public ownership (with adequate compensation), at least on a temporary basis,ⁿ if private Nigerian capital proved unable to do the job. The clash of interests between the private and public sectors became obvious in the course of implementation in both phases of the exercise. Government involvement in the purchasing of shares came to be as significant as private share acquisition, particularly after 1977.

Comprehensive information on the extent of State and Federal governments' participation in enterprises affected by the NEPDs is not available. Records on government (both States and Federal) participation are held by individual Ministries and departments who acquired shares. But the paucity of publicly available data in respect of shares held by the governments has been acknowledged by the NEPB, which, in 1984 drew attention to the need to set up a single government Department charged with monitoring and coordinating all government investments. After all, the Government collectively came to hold the most substantial block of shares to be acquired by Nigerians. Out of the 114 companies with authorised, issued and paid up capital of ₦119,410,403²¹, Northern State governments and the Federal government acquired shares worth ₦53,719,380 in 48 companies with authorised issued and paid up capital of ₦74,310,221. Large State capital concentration in a relatively small number of firms such as this strengthened the government's hand in the management of companies in which it enjoys majority ownership.

Apart from the companies with government interest in our sample, other official records also show that approaches were made to numerous foreign businesses by the State governments to buy shares in their enterprises. For example Kano State government became involved in the proprietorship of Cinema Houses, taxi business; Kaduna State Government in cinema business; the former North Eastern State in intercity transport and haulage of goods; the South Eastern State in Hotel and Catering (in Lagos). There are also other States in the South, particularly Rivers and Cross River States involved in the acquisition of boat-making enterprises. In implementing the 1972 NEPD, UAC allocated ₦1 million worth of shares to each of the 12 States of the Federation.²² Two State governments were involved in the supermarket business. One State government was involved in the distribution and servicing of motor vehicles.²³ The extent of State and Federal government participation

outside of what might be called the "commanding heights" of the economy has understandably become quite considerable. It was precisely because of government participation in areas of the economy traditionally occupied by private entrepreneurs that some indigenous businessmen have attacked the government for what they see as "intrusion" and "creeping" nationalisation. The objections to government involvement from the business community were couched in general ideological terms, but of course the arguments also have a close relationship to the private interests of the particular businessmen. The private buyers found themselves in competition for the purchase of shares, both privately and on the Stock Exchange, with Federal and State governments. This led to many calls by private businessmen on the government to refrain from purchases of shares, and to restrict itself to the creation of conditions favourable to private businessmen.

In 1977 the NBCI, NIDB, Nigerian Insurance Corporation of Nigeria (NICON), National Provident Fund, Federal Saving Bank, New Nigeria Development Corporation (NNDC) and other similar State parastatals formed into a consortium, a move approved by the Federal Executive Council on 24/8/77. Thus, unlike the 1972 NEPD in which ownership in most of the enterprises was transferred to private individuals and individual State governments, the 1977 NEPD led to an increase of more coordinated direct participation by the State. Some companies even offered the affected percentage of their enterprises to public subscription and approached State governments directly, partly in order to gain goodwill, and partly because of the ability of government institutions to pay higher prices for shares. This applied especially where foreign owners already had close business connections with the public authorities. Government officials endorsed the prices determined by the foreign owners. Such practices were reported to have occurred in such places as Kano and North Central States where, for example,

Lebanese businessmen, who had been established for many years, possess detailed knowledge of local politics and were able to approach appropriate officials to arrange favourable sales.²⁴ One instance of this practice was the acquisition of a haulage business by the North Eastern State government, through the payment in excess of the recommended price. Such practices were supposed to be reduced by the involvement of the CIC, under the 1977 NEPD which ordered all sales and transfer to go through the CIC.

To avoid conflict among State public sector agencies over who should buy what enterprise or shares, the Board set guidelines after the 1977 NEPD. First, priority is given to those whose application is in excess of 5% or ₦50,000. Such applications are automatically considered and approved - without any consideration for upper limits. Secondly those whose application is above 5% or ₦50,000 shall be automatically approved in accordance with 51% controlling interest.²⁵ Thirdly all other applications beyond upper limit of ₦50,000 or 5% shall be considered in the light of individual merits.

The first priority above, applies to Federal government Ministries or agencies directly related to national industrial activities e.g. Mining Corporation, NNPC, NEPA, Federal Ministries etc. Among these, the NNPC had already obtained approval to purchase all shares that it wanted. (Again it was not possible to obtain figures for the amount acquired by these parastatals, from the NEPB). The significance of this particular corporation for the Nigerian economy dated back to the 1969 Decree on petroleum.

The second priority above is given to Federal and State Ministries who have initial involvement in the establishment of, or the "subsequent development" and expansion of, the enterprise or project. Similarly if the public agency concerned had a "significant equity interest" in the project or enterprise before the first NEPD, such agencies

are allowed 51% of the total paid up capital of the enterprise. For other, non-automatic cases, the decision taken should reflect the Government's policy of spreading shares as widely and equitably as circumstances permit. Another criterion in the allocation of shares was that in the event of oversubscription, applications from State Governments and institutions must be tendered on an equal basis. But again preferential treatment was in practice given to public institutions over private individuals or associations, in direct contradiction of official policy to promote the private sector.

The obvious displeasure of many Nigerian businessmen should not, however, be allowed to conceal the frequent evasions of the limit. There was for example a public admission by management personnel of significant anomalies within Mobil Oil Nigeria Ltd., as revealed in a general meeting of the company held at Lagos in September 1979. Two Nigerian directors of the company held 100,000 and 75,000 shares respectively. When a shareholder suggested that these shareholdings be reduced to 8,000 so as to comply with the NEPD, the Chairman of the company, Mr. R.S. Heberd simply replied: "What the two directors have were just drops of water in an ocean and could not result in a breach of any provisions of the said Decree."²⁶

Knowledge of company affairs gained by new Nigerian managers, directors and other top personnel has enabled them to allocate equity shares beyond the limit imposed by NEPD. The dubious methods adopted include the use of relations' names, and, according to national newspapers, even the use of the names of pets, to buy shares! In any case, an individual who had acquired 5%²⁷ or ₦50,000 worth of shares in one enterprise could go on to buy into as many other enterprises as his financial capacity allowed.

The overt tension between the private sector and the government was complicated by covert sectional politics. There were some fears in certain States of commercially and educationally advanced ethnic

groups out-pacing others who were relatively less well endowed. For example in Kano State, a lot of people we talked to expressed regret over the timing of the NEPD because they believed that the relatively underdeveloped position of the Northern States would permit the Southern States to take over enterprises. Similarly individuals in certain States in the South, particularly Rivers and Cross River, have been reported in national newspapers as expressing mistrust of the Igbo residents, who before the civil war were dominant in the local economy. C.S.A. Ogbuagu similarly reported the misgivings of Igbo businessmen against Yoruba bureaucrats and businessmen and a few northern elites.²⁸ Nevertheless no dissatisfaction was officially expressed by any State government either about the priorities of indigenisation or the method of implementation, or for that matter, about other States taking undue advantage at the outset of the indigenisation exercise. However, once the consequences of the indigenisation exercise started to become clear, an official of the Securities Exchange Commission revealed that "there were general complaints" that the hinterland could not effectively participate. It was this kind of complaint that led to the system of preferential treatment for governments.

Usually in discussing the pattern of acquisition under the NEPDs, a distinction is drawn between Northern-based businessmen and Southern-based Yoruba businessmen. The Igbos, who before the war had been very prominent in the commercial sector of the economy, appeared by the end of the civil war to be less conspicuous. Generally the feeling in Nigeria at least after 1973 was that "the Yoruba areas" enjoyed more than their fair share of the benefits from indigenisation. However, many commentators have overlooked the metropolitan character of the Federal capital, Lagos. As an industrial, financial and political centre, the Lagos big business population is largely composed of people from many regions and of several different origins. Some household business

names in each of the former regions are closely connected to Federal affairs in Lagos, and have political and commercial interests there. For example, some Northern businessmen have established their business head office and/or sub offices in Lagos. A trend in this direction characterised the period after the civil war, in particular when the Federal government embarked on huge expenditures prompted by the boom in oil revenues. Also Federal contracts are usually awarded in accordance with the extent of influence and the personal contacts which indigenous firms have among Federal government officials in Lagos.

Thus, although on the whole the Yoruba are generally thought to have benefited most, this may be due in part to the concentration of enterprises in the Lagos area. For example of the 2,000 registered industrial establishments in 1972, 1,200 are concentrated in and around Lagos²⁹. Similarly, of the 1,888 companies registered with the NEPB, 1,247 companies are located in and around Lagos. Likewise the share issues through which the transfers were being made are handled by institutions situated in Lagos. It was awareness of this Lagos bias that led the Federal Minister of Trade and Industry, Alhaji Bello Maitama Yusuf to state in 1983 that the "Federal character is reflected in the issuance of import licences"³⁰. No State should claim that it had been cheated, unlike in the past when Lagos State got about 85% of total import licences issued.

Another reason why indigenes of some States may be seen to have benefited more than the indigenes of other States can be found in a comparative analysis of loan grants by the commercial banks, to the 12 States of the Federation, between 1972 and 1975. It is assumed here, that the States with high commercial bank borrowings are likely to be the ones with large private sector borrowings. Thus such States as Lagos and Kano can be considered to have high private sector borrowers, reflecting in large measures the level of economic activities (commercial

and industrial) in those States. The commercial and industrial strength of the State in turn determines the number and size of commercial banks. The close proximity of banks was again one of the main factors which may have given individuals and private businesses relatively easy access to banks. Out of the total loan of ₦1,429.6 million injected into the Nigerian economy by commercial banks in 1975, Lagos State acquired 66.5%. This was followed by Kano State, with only 7.7%, while Western State was third with 5.4%.³¹

Not surprisingly most beneficiaries of indigenisation are situated close to where industrial and commercial activities are concentrated. Within the period reviewed by the CBN report (December 1978), indigenous businessmen received the highest percentage of the loans advanced i.e. 80% in 10 of the 12 States.³² Lagos and Kano States were exceptional, the indigenous businessmen's share of the loans being 52.4% in Lagos and 64.4% in Kano.³³ The concentration of foreign enterprises which also participated in borrowing reduced the indigenous businessmen's share of the loan.

Despite the high proportion of loans made to indigenous businessmen and the absence of foreign borrowers to compete in those 10 States, Lagos and Kano State surpassed the other States in the acquisition of shares simply because of the concentration of foreign enterprises there. According to T.J. Biersteker, the concentration of manufacturing investment in Lagos and Ikeja areas accounted for 33% of the total national figure. Port Harcourt, Aba areas in the East and Kano and Kaduna in the North, taken all together accounted for only 37% of the total national investment.³⁴

The majority of people who have acquired shares in private companies tend to be resident close to the business, although there has been some small cross-regional (North-South) and inter-State participation by individuals and Governments in the North. About ₦787,150 worth of

shares and 649,998 unvalued shares were acquired by private citizens based in the Southern States (majority from Lagos) in Kano based enterprises. Indigenous businessmen from Borno State acquired only ₦141,438 worth of shares and 1,670,913 unvalued shares in Kano and Kaduna based enterprises. Compared to non-Borno State indigenes, the businessmen and ex-State officials from Borno acquired ₦1,002,000 worth of shares and 183,225 unvalued shares in Maiduguri (Borno) based enterprises, by far the highest of the total figure affected by NEPD in the State.

The States of course differ in their number of industrial establishments, in the capabilities of the indigenous businessmen, in the existing structure of ownership, in the extent of the authorities' attempts to persuade businessmen to take part in indigenisation, and above all, in the inclination of the State government to acquire shares itself, and in the reaction to such moves from private entrepreneurs.

(ii) Sources of Finance

An issue which was to become of increasing concern to government and businessmen alike ever since the 1950s was the difficulties experienced by Nigerian businessmen in obtaining bank credits.

In the past, according to Dr. C. Isong, the former Governor of CBN, the CBN took the matter up with the commercial banks informally. However, in 1970, the latter were required by the CBN to make available to Nigerian businesses a minimum of 35% of their total credit outstanding by the end of 1970. That target was not achieved, according to the CBN Governor³⁵, although some banks, for example, the Standard Nigeria Ltd. were fully cooperative. The latter even exceeded the 35% target, and provided up to 40% of its overdrafts on loans in March 1974.³⁶ The executive vice chairman of Barclays Bank of Nigeria Ltd. (now Union bank) also revealed that in the 1972/74 implementation

exercise, his bank granted loans totalling ₦20 million for the purpose of buying shares in part or wholly owned foreign firms. The importance of commercial banks as a source of finance finally led the government in the 1978/79 budget to exempt borrowed funds used for the purpose of share acquisition from the 40% limit on the growth of bank loans.

The prelude to the 1972 NEPD witnessed the acquisition of 40% of all commercial bank interests by the Federal government and the prelude to the 1977 NEPD led to further acquisition of 20% of the commercial bank interest by the government, bringing to 60% the public sector participation. Before these acquisitions, indigenous interest in commercial banks had been about 30%. The 40% holding (and 60% in 1976) was supposed to enable the Federal government to influence the loan policies of the banks, and in April 1972 the CBN officially called on all commercial banks to increase the allocation of their annual loans and advances to indigenous businessmen for the purpose of buying alien enterprises. Previously, most of the commercial banks were known to favour foreign businesses operating in Nigeria, due to the relatively poor business performance and the lack of sufficient guarantees on the part of Nigerian businessmen. Their foreign counterparts had fared much better in business, and they had the immense advantage of enjoying the patronage of the parent company abroad. In general, small enterprises could not meet the security requirements of lending institutions.

The head of State, General Gowon, announced in a budget speech in 1972 the establishment of the Nigerian Bank for Commerce and Industry (NBCI) with an authorised capital of ₦50 million to support the indigenisation exercise. In addition, an increase of ₦2 million was made to the existing Industrial Development Bank (IDB)³⁷ in order to extend its loan programme. By 1977 the IDB had sanctioned direct loans of ₦69.9 million in facilitating industrial project, 90% of the

total value being owned by Nigerians.

The 1973/74 budget doubled the NBCI's authorised capital to ₦100 million for the immediate task of financing implementation. The bank was supposed to operate on a strictly commercial basis. It was designed in such a way as to cater for long and medium term "viable" industrial and commercial projects involving not less than ₦20,000 for each application. The bank was authorised to buy shares in the absence of private Nigerian buyers. The NBCI approved a loan of ₦54.9 million to 60 enterprises and made a total equity subscription of ₦4.8 million between May 1973 and December 1975.

The Nigerian Government was aware that if a Decree which excludes foreigners totally from various types of enterprise and compels 40% local participation in capital for many other enterprises, was to be implemented effectively by the target date of 31st March 1974, a substantial amount of money had to be raised by the indigenous private sector. However, no reliable estimate of the amount that would have to be paid to the affected enterprises was arrived at in 1972. The calculations of the Government were based on the recorded number of industrial, commercial and service establishments compiled by the Federal Office of Statistics. Particularly in the case of manufacturing concerns, information was exclusively based on the Department of Statistics Compilations. However, the poor quality of data and the evasive attitude of many firms made it difficult to judge precisely the total number of enterprises to be affected and hence the total amount to be spent. Nonetheless, it was estimated that no less than ₦100 million was expected to be raised by Nigerian individuals and organisations.

The NEPB endeavoured to determine as closely as possible the amount of capital required for the takeover of foreign businesses soon after the promulgation of the Decree. The approximate figure of over ₦80 million was arrived at, based on the Board's data forms received from

the relevant enterprises. The figure of over ₦80 million is only for the takeover of enterprises under Schedule I and 40% shares under Schedule II. However, such a figure cannot be considered definitive. This is for two reasons. First, it was most probable that there were enterprises that had yet to register, and submit more forms. Secondly, the figure is based on the assumption that shares bought or intended to be sold are at par value. Scepticism about this was expressed by Mr. V.I. Bello, the Secretary of NEPB in 1974. "A likely figure taking account of the usual upward movement of the market value of shares and from the returns so far received from the companies affected by the Decree which have complied might be in the region of ₦120 million."³⁸

Somewhat surprisingly Mr. V.I. Bello (the first Secretary of the Board) indicated the absence of any problems as far as finance was concerned. "There were more buyers than businesses", he asserted. Although the total estimate of the amount involved in the implementation exercise varies from source to source, the differences in estimates are marginal. The previous estimate made by Mr. V.I. Bello closely corresponded to Mr. Ekukinam, the former Federal Commissioner of Finance's estimate. Mr. V.I. Bello's amounted to ₦83 million while the Commissioner's estimate was ₦80 million. Nevertheless, by March 1974, the amount incurred on the first phase of the indigenisation exercise rose to ₦120 million.³⁹

By 1975 about ₦122 million had already been invested in equity participation to take advantage of the indigenisation Decree. The difference between the original estimate of ₦88 million and the total amount of ₦122 million spent on actual purchases, has been explained by Ezeife in terms of the speculation engendered by the transfer process.⁴⁰ Even the market value of ₦122 million appears to be a very conservative estimate. A lot of private sales were not reported to the Board.

This large sum of money came from many sources, including private

savings which the government had hoped would be used extensively in the purchase of shares. Other major sources were commercial banks, loans from Federal government-owned financial institutions, State government-owned banks, insurance companies and cooperative agencies. The Nigerian Bank for Commerce and Industry provided ₦13.8 million for the purchase of shares in 24 public companies, and made ₦6.2 million available to the private sector for the same purpose in 1972.⁴¹ Another ₦14 million came from private savings and funds from private savings institutions.⁴² Private treaties and special agreements were made between private foreign owners and Nigerians who could not provide immediate cash payment.

The Federal government, wishing to cushion the effect of the Second Decree on the balance of payments, delayed the immediate repatriation of money acquired from sales of enterprises. In circumstances where a Schedule I enterprise was sold, no more than ₦10,000 would be allowed for remittances abroad even if the vendor was withdrawing from Nigeria. Where the amount was more than ₦10,000 but less than ₦150,000 it would be repatriated on six-monthly, ₦30,000 instalments. But where the amount was more than ₦150,000 the rate and time of repatriation was subject to negotiation, with a view to encouraging reinvestment of a proportion of the amount. With respect to Schedule II, the vendor was required to reinvest a minimum of 50% of the proceeds of sale in expanding business. The amount allowed for repatriation was again on an instalmental basis.

The government policy of blocking total sale proceeds of foreign investors from repatriation began to be reversed by 1980 anyway. In August 1980, the Minister of Finance Professor S. Essang announced: "that in order to facilitate the repatriation of the accumulated proceeds of sales resulting from the 1977 indigenisation Decree, all outstanding balances would henceforth be repatriated within a period of

two years with effect from April 1st 1980."⁴³

The system introduced in 1980 allowed ₦30,000 six-monthly instalmental transfer of proceeds resulting from such sales, in cases considered "appropriate", providing the whole outstanding balances could be cleared out of the country within two years. However, in cases where the amount is so much that it could not be cleared within two years of the six-monthly rate of ₦30,000 this amount was to be increased in order to clear any outstanding balances within two years.⁴⁴

(iii) Management: Training and Control

There has been a serious shortage of competent managerial personnel in Nigeria since long before the NEPDs. In the Second National Development Plan 1970/74, an annual demand for high level managerial manpower of 3,500 was expected over the plan period, and by 1974 it was expected that the total demand for high level manpower would reach an estimated target of 21,000 managers and directors. The figure for junior managers and supervisors was expected to reach 66,000. The need for training of Nigerians in management of enterprises was, then greatly increased by the indigenisation Decrees.

The Federal government recognised the need to establish training institutions to help Nigerian businessmen to operate their new enterprises. A Council for Management Education and Training was set up in 1973 to devise training programmes. The Centre for Management Development and its Units set up in 1973 also provided information to Nigerians on how to acquire and benefit from opportunities created by the Decrees. Units are situated in Lagos, Zaria, Kaduna, Ibadan, Port Harcourt and Enugu. In addition, the University of Lagos and many other universities have provided intensive training courses for businessmen and new investors and other educational establishments and polytechnics have organised seminars and symposiums too. The Centre for Management Development

held a conference in each of the twelve States in 1973 on methods of buying shares. Such hurriedly arranged conferences could hardly provide sufficiently detailed answers to the range of questions generated by the Decree.

Many of the companies in Schedules II and III of the 1972 and 1977 NEPDs were the most likely to maintain their existing management structures and expatriate personnel, whereas small Schedule I companies, where expatriates were required to relinquish, in most cases, both ownership and management control, were the most likely to suffer from management deficiencies under the new Nigerian owners.

A failure to match indigenous equity participation with adequate local management control was indeed one of the findings of the 1976 Industrial Panel when it concluded its investigation of the implementation of the 1972 NEPD. Accordingly, the Panel recommended that large firms under Schedules II and III should be required to provide training schemes so as to Nigerianise the top management by 31st March 1979, and this recommendation was incorporated into the 1977 NEPD. In addition, in order to combat "fronting", Nigerian owners of Schedule I firms were prohibited from employing the previous owners of the business, unless they have obtained express permission from the Federal Commissioner of Internal Affairs, and a penalty of ₦15,000 fine or a five year imprisonment was threatened for offenders. Out of 13 companies (mostly naturalised Lebanese) in our sample of companies in the North which applied for expatriate allocations, only 2 were granted approval.

The exercise of managerial control is, of course, a vexed issue which is bound to fire local interest and provide occasion for nationalistic resentments; but before sides are taken such questions as control of what, by whom, how and for what end should be clearly defined and answered first. Control is often assumed to rest with

the owners of the enterprise, whether alien or Nigerian, but how and for what end? How can the government's goal of indigenisation of control of the Nigerian economy be reconciled with the maximisation of private profit in circumstances where Nigerian management is weak, and expatriate personnel better qualified and skilled? The original alien proprietor is likely to be given considerable freedom by his new Nigerian partners in the running of the company, for the sake of his own financial gain.

Moreover, some of the indigenous block shareholders have commitments to several large publicly quoted companies, as directors and shareholders. There are already about 40 individuals and families who have shares in more than two companies, of the 145 companies examined by the author in the North. For example; the Gashash family and Alhaji A. Dantata held shares in 8 and 5 companies, holding ₦1,522,788 and ₦1,782,870, respectively. In this kind of a situation even a majority indigenous shareholder is likely to delegate the management responsibility to some of the original partners. Accordingly the NEPB has recently recommended in its annual report (1984) restricting any one Nigerian to 3 directorships and 2 chairmanships. However, if this recommendation is implemented, then in small companies which combine foreign and indigenous partners the alien owners could be strengthened in their control simply by virtue of the restrictions upon Nigerians with major shares in more than 5 companies.

In public companies where a majority of shareholders hold a minority of total shares, managerial control tends invariably to rest with expatriates. This was apparent as early as 1973, in a study of Nigerian indigenisation and management development, by Rimlinger and Stremlau.⁴⁵ The table below summarises the extent of expatriate control in some of the companies studied.

Table II

Distribution of Expatriate Personnel by Functions and by Industries 1973

Industry	MD, GM ⁺ AMD, AGM	Finance	Marketing/ Sales	Prod./ Tech.	Adm.	TOTAL
Beer and Soft Drink	10%	5%	21%	56%	8%	100%
Enamelware	8%	4	1	84	3	100
Metal fabricating	18 ⁺	10	11	58		100
Petroleum marketing	8	17	32	31	12	100
Petroleum producing	1	6	0	75	18	100
Pharmaceutical	29	7	50	11	3	100
Textiles	14	2	1	90	3	100
Trading	3	5	55 ⁺⁺	35 ⁺⁺⁺	2	100
Average	10.1	7.0	21.4	55.0	6.5	100

⁺MD - Managing Directors, GM - General Managers, AMD - Assistant Managing Directors, AGM - Assistant General Managers.

⁺⁺Non-technical goods.

⁺⁺⁺Motor and technical goods.

Source: Indigenisation and Management Development in Nigeria, by

G.V. Rinlinger and C. Stremlau 1973, p. 28 Table 2.

As can be seen from the table the highest expatriate figures are in production and technical control, and this is followed by marketing and sales personnel. However, evidence from our sample of 145 companies shows that even in the private companies where part-Nigerian owners/directors are well qualified and have relevant administrative experience, control of the firms' administrative and technical operations remains largely with the original alien proprietors. On visits to these companies by inspectors from the IIEPC, information about the company's

affairs was disclosed by the original alien proprietors in fifty-one cases. No major indigenous shareholders were present at the time of the visits by inspectors. Sixty of the inspection reports which indicate "person interviewed" show that 51 companies still have aliens as Managing Director, Executive Director or General Manager in charge of their company's information files. In 9 companies Nigerians occupied grades of Company Secretary, Public Relations Officer, Legal Adviser, Deputy Accountant and Branch Manager. In circumstances where the alien-in-charge was not available at the time of the inspector's visit to the company, the inspector was asked to return at a more convenient time, even in cases where the alien owner/managers constituted minority shareholders.

It might be expected that given their professional and administrative background, ex-State officials who are now in partnership with foreigners would be able to fully participate in handling company affairs and be able to reveal information to inspectors. This does not seem to be the case, however, even in companies with shareholding by government institutions and parastatals.

No evidence was found of indigenous shareholders actually attempting to influence company policy over such matters as the purchase of raw material (in the case of manufacturing and processing firms), allocation of products to distributors, opening new branches, design of products and labour relations. These matters are essentially determined by the imperatives of profit maximisation, in which both the alien and indigenous partners have the same overriding interest. The alien partners are generally recognised to be the most acute in promoting this shared interest. Hence their domination of management often goes unchallenged.

The wisdom of just a few Nigerian individuals or institutions owning a large block of shares has been advocated by some foreign

investors such as Mr. C. Leventis of Leventis Group Nigeria: "There are financial institutions which have large blocks of shares in the big companies and who can exert a decisive influence. They can take a long term view of development of the business rather than a short term one."⁴⁶ "Persons or institutions with controlling block of shares usually have sufficient at risk in the company to make it desirable for them to take a long term view and not to take rash decisions."⁴⁷ Drawing from his business experience, Mr. Leventis concluded that companies without holders of a significant block of shares would fail in the end, because of a lack of major shareholders who are able "to exert the kind of influence" required to guarantee effective decisions.

The conclusions drawn by Mr. Leventis are not disputed here. But the predisposition of new Nigerian owners of blocks of shares to insist on decisions that are in the general interest of society as a whole, or the interests even of all "atomised" shareholders, is surely open to doubt. Such shareholders cannot even be assumed to subscribe in full to the government's intentions of "economic independence". Whether the particular interests even of Nigerian-managed firms can be wedded to the long term development interest of the nation as a whole, and in particular to the "egalitarian" objectives which were apparently envisaged by the authors of the 1977 NEPD, has yet to be properly discussed by the country's socio-economic and political elites.

The final section of this chapter turns to an examination of how well the Decrees anticipated and dealt with the situation of those expatriates who wish to naturalise and accept Nigerian citizenship.

(iv) Citizenship and Naturalisation

The issue of citizenship under the Decrees is important for many enterprises because it concerns the rights, benefits and privileges of the company and its foreign, or ultimately its indigenous, status.

In the context of indigenisation Decrees, a Nigerian citizen is defined by the 1977 Decree as (i) "a person who is a citizen of Nigeria by virtue of the Constitution of the Federation; and (ii) any person of African descent, not being a citizen of Nigeria, who is a national of any country in Africa which is a member country of the Organisation of African Unity (O.A.U.), and who continues to reside and carry on business in Nigeria, if the country of which he is a national also permits citizens of Nigeria to establish and operate businesses or enterprises in that country on the basis of reciprocity . . ."48

The breadth of definition of a "Nigerian citizen" partly stems from the government's awareness of the number of O.A.U. citizens who have resided in Nigeria for generations, in particular citizens of Tchad, Niger, Ghana, Libya, Cameroon and other neighbouring countries. Significant numbers of Nigerians live in those countries too, although the nature and extent of their involvement in the economies of those countries may be relatively insignificant. For example, of the 175,525 (figure based on 1960 Ghana Census) non-Ghanian Africans, Nigerian citizens were in a majority of 60,977.⁴⁹ The heightened public awareness of an increasing responsibility for Nigeria in the 1970s, and the leadership role that the government was aspiring to play in Africa, required tolerance, flexibility and care in formulating policies such as indigenisation which affect citizens of other African countries, including some countries which in the past had taken measures adverse to Nigerian residents.

The NEPB's fourth progress report on the implementation of the 1977 NEPD lamented the exclusion of individuals who were domiciled in O.A.U. countries but whose parents were not of African descent. The classification seemed to exclude O A U citizens who were not of negroid features. An Afro-American, Afro-Caribbean or a black French or British citizen could in principle enjoy the citizenship concessions,

whereas some natural O A U. members could not. However, the Board encountered difficulties in determining who were persons of African descent. By the time of the fifth progress report, the Board decided that the phrase "of African descent" should be excised from the Decree. If naturalised Nigerians are given equal treatment with non-naturalised (i.e. natural) Nigerians, the same treatment should be accorded to all citizens of O A U member States.⁵⁰

The privilege accorded to the citizens of O A U countries under Section 23 (1) of the 1977 Decree, treats as Nigerians the citizens of any member country of the O A U which provides the same privileges to Nigerians residing in such countries. This status and privileges for O A U citizens was revised in 1978/79 due to fears of abuse.⁵¹ The Board, in consultation with the Ministry of External Affairs, agreed that such privileges should extend only to those O A U citizens whose parent or parents were of an African descent. This decision stemmed from the fact that Lebanese and Indian citizens with business **interests** in Nigeria started to acquire citizenship in neighbouring countries in order to retain their business rights. Those whose parents are only naturalised citizens of such countries, and not of African descent, are excluded from benefiting under the Decree. To enforce this rule, the Federal Ministry of External Affairs informs the Board from time to time of the positions of Nigerians living in other C A U and especially ECOWAS countries.

Given that a majority of the small enterprises falling under Schedule I and II were owned by Lebanese and Syrians in particular, and anticipating the possibility of their applying for Nigerian citizenship merely so as to retain their enterprises, the Federal government in 1974 issued a comprehensive citizenship Decree. Replacing the Nigerian Citizenship Act of 1960 and the Nigerian Citizenship Act of 1961, the new Citizenship Decree - The Constitution (amendment) Decree (1974) -

attempted to restrict and tighten the original five year duration of stay in Nigeria as a condition for citizenship. However, an alien who has stayed in Nigeria for 20 years, but not continuously, is eligible if he had stayed an aggregate of 15 years out of the 20 years immediately preceding the 12 months continuous stay. The 1974 Decree abolished automatic citizenship privilege for an alien who marries a Nigerian woman. But foreign women married to Nigerian men would qualify after 5 years' continuous stay. A certificate of renunciation of original citizenship⁵², and an ability to speak one Nigerian language were new conditions introduced in 1974, before Nigerian citizenship could be granted.⁵³

Despite the new restrictions imposed on naturalisation and citizenship, the Federal Ministry of Internal Affairs recommended in 1974 260 aliens for citizenship, half of whose businesses were affected by the 1972 NEPD. Through the submission of applications for naturalisation, many firms at least gained time to wind down their enterprises or make alternative arrangements. In 1974 the dateline was extended for certain firms to enable them to comply with certain aspects of the 1972 Decree, and further time was given to those whose applications were pending decision for naturalisation. Twice a six-month extension was given as at April 1st, 1974, which finally expired on March 31st, 1975. Even after this date, some alien enterprises were still in operation under the pretext of awaiting a decision on naturalisation applications. The time extensions between April 1974 and March 1975 were mostly granted to those expatriates whose businesses were classified under Schedule I and were expecting to sell the whole enterprises to Nigerians. There were also a few planning to transfer 40% of the businesses to Nigerians. The NEPB became critical of the Ministry of Internal Affairs which is responsible for granting or refusing citizenship for alien applicants affected by the Decree. The failure by the Ministry to

supply information about their own decisions tied the Board's hands, and enable expatriate proprietors to continue to operate their businesses. This was simply because of the slow pace of work of the Ministry of Internal Affairs. In fact, to avert such problems, some officials argued that the last extension given to alien proprietors was on the explicit understanding that by or before 31st March 1975, the Ministry would complete its work. However, there were further extensions granted to expatriates, even though this was not officially made public. Even the Board itself was kept in the dark, as the citizenship applications continued to be delayed at the Internal Affairs office. Not surprisingly, disquiet among prospective indigenous buyers increased. The number of enterprises anticipated to be transferred after the Ministry of Internal Affairs finished its task in 1975 was around 400.⁵⁴ Soon after the 1977 NEPD the NEPB listed 52 aliens who applied and obtained citizenship in July 1977. Twenty of these are aliens resident in Kano, 18 are from Lagos, 3 from Borno State and the rest spread across the country. Another list of 32 unsuccessful applicants showed 16 from Kano, 9 from Lagos, 1 from Borno and the rest from other States.

The Ministry of Internal Affairs was the centre of control and coordination of matters regarding the establishment of foreign business in Nigeria and was, ever since the Immigration Act of 1963, responsible for immigration control. Perhaps the administrative burden which owes to its dual functions has been partly responsible for the delays. Although the Business Division of the Ministry functions in conjunction with a Business Advisory Committee (BAC), whose major concern is purely to determine individual applications for business establishment, the Ministry has been quite inadequate in dealing with the problems introduced by the Decrees. In future the contact between the NEPB and BAC should be strengthened, and if necessary the latter should be

moved from the Ministry of Internal Affairs to the Board's office, in order to provide a link between the Ministry and the Board. This would ensure a more speedy processing of new applications and continuous determination of the status of existing enterprises, so as to guarantee effective compliance. It is important that aliens who were naturalised after the Decree, be restricted from the full benefits of citizenship pertaining to the Decree, until after five to ten years of naturalisation. This is in order to prevent possible abuse of the citizenship status by aliens whose motives might be solely to buy time to run down enterprises and strip the assets. Perhaps even more important is for the Ministry of External Affairs to seek greater cooperation from governments in those neighbouring countries which are noted for granting citizenship without proper screening. The goodwill and opportunities granted by the Nigerian government to those OAU countries must not be allowed to be abused.

Notes and References

Chapter 5

1. Extracted from Adejugbe, M. "The Myths and Realities of Nigeria's Business Indigenisation" Development and Change vol. 15, No. 4 October 1984, p. 582-83.
2. Ibid. p. 581.
3. The Minutes of the second annual meeting of the Executive Chairman of the NEPB and Secretaries of the NEPCs (9/8/82)
4. E.C. Judd, A Speech to Members of Royal African Society - African Affairs 1977, p. 101.
5. Alhaji Sule Katagum holds shares in more than 3 companies in our sample.
6. Mr. L. Ciroma was the first Chairman of the NEPB at the time of his Secretaryship in the Federal Ministry of Industry in 1972.
7. Mr. A. Joda also holds shares in more than 3 companies in our sample.
8. Nigerian Company Handbook 1980, p. 21.
9. A.A. Bayaro is one of the traditional rulers most involved in private enterprises. He and members of his family are also shown to have acquired shares.
10. Nigerian Company Handbook op. cit.
P.'33 - information on the percentage of ownership by Nigerian and foreign capital is not given here. But major shareholders are listed as BEWAC Motor Corporation Ltd., Nigerian Citizens and Associations and New Nigerian Development Company Ltd.

11. Ibid. p. 34.
12. Ibid. p. 54. Although it is not clear whether this firm was initially owned by foreign investors, or whether the present owners benefit from loan institution, the presence of top military officers joining the business community is still significant.
13. Ibid p. 71.
14. Quoted from West Africa (London) 16/6/72, p. 777.
15. Alile, H.I., (Director General of the Nigerian Stock Exchange), "Efforts at achieving spread of shareholding in enterprises through the Nigerian Stock Exchange" - An address to the Chairman, NEPB and Secretaries of State Enterprises Promotion Committees, Sokoto 1982. (See Minutes of the second meeting of the Executive Chairman NEPB and Secretaries of State NEPCs held in Sokoto on 9/8/82 p. 4). See also:
Alile, H., director of Lagos Stock Exchange (LSE) - "140 million shares" - Modern Africa, (London) November 1977.
16. See chapter 8 below for details.
17. These instances below are taken from B. Dudley - An Introduction to Nigerian Government and Politics. (Macmillan) London, 1982 p. 117-119.
18. Ibid, p. 117.
19. Dr. J.E. Adetaro was formally the Federal Commissioner of Industry at the centre of the NEPD in 1972 and spokesman for the government on the NEPD.

20. B. Dudley, op. cit. p. 117-119.
21. There may be few variations between the authorised capital, paid up capital and issued capital. In most companies the three are the same but because not all companies have given information on all three, we based the calculation on authorised capital which is given by all the companies.
22. The Sales Manager of John Holt, Manduguri branch, revealed in an interview that 12 million shares were sold to the 12 State Governments of the Federation. The Manager defended the allocation on the grounds that large State shareholdings would earn substantial dividends, which could be allocated to the local government's development programmes.
23. O. Akinkugbe, Director of Palm Chemist Ltd. - "Nigerian Enterprises Promotion Decree and its Implementation" - Speech at the Symposium of Indigenisation organised by Nigerian Economic Society 19/11/74.
24. A. Hoogvelt reported that Lebanese businessmen corruptly induced the Kano State Military Governor and his Secretary, under the 1972 NEPD, to instruct the Kano State Investment Company (KSIC) to pay inflated prices to loss-making Lebanese businesses. See Review of African Political Economy No. 14 Jan-April 1979. "Indigenisation and Foreign Capital: Industrialisation in Nigeria" p. 61.
"
25. NEPB - First Progress Report on Implementation of NEPD 1977 January-October 1977 p. 6.
26. Mr. R.S. Heberd, quoted in Management in Nigeria, September 1979 p. 22.

27. 5% equity shares refers to any going part of the business but not to the total paid up capital of the enterprise.
28. C.S.A. Ogbuagu - "The Nigerian Indigenisation Policy" - in African Affairs vol. 82, no. 327, April 1983, p. 261.
29. West Africa (London) 16/6/72.
30. New Nigerian (Kaduna) 22/2/83.
31. Ogbu, N.E. - "A Comparative Analysis of the Structure of Commercial Bank Credit Operations in Nigerian States: 1972-75" in CBN Economic and Financial Review vol. 16, No. 2, December 1978, p. 34-39.
32. Ibid p. 37.
33. Ibid. p. 37 and 38.
34. Biersteker, T.J. - Distortion or Development? Contending Perspectives on the Multinational Corporation (MIT Press, Cambridge, Massachusetts), 1981, p. 79
35. Dr. C. Isong, CBN Governor - see New Nigerian (Kaduna) 9/3/71.
36. See New Nigerian (Kaduna) 30/6/72.
37. NIDB was established on 22/1/64 to replace the Investment Company of Nigeria Ltd. (ICON) incorporated in 1959. The NIDB shifted from close links with foreign owned businesses to become an associate of the government in investment and a patron of private Nigerian industrialists. NIDB used to receive assistance from the International Finance Corporation (IFC) an affiliate of the World Bank. The World Bank provided NIDB three lines of

credits totalling ₦4 million in 1969, ₦6 million in 1971 and ₦40 million in 1978.

In December 1978 the European Investment Bank also granted NIDB ₦21 million line of credit.

38. Bello, V.I. - "Indigenisation. What have we achieved?"
Indigenisation policy proceeding of the 1974 Symposium
organised by Nigerian Economic Society, published by Department
of Economics, University of Ibadan, p. 15.
39. Sanwo, P. - "Indigenisation: how has it worked?" - in
African Development, March 1975, p. 33.
40. Ezeife E, "Nigeria" - in Indigenisation of African Economies
(Case Study: Nigeria) edited by A. Adedeji (Hutchinson, London),
1981. p. 176.
41. Shaikh, M.J. - "Financing Indigenisation," unpublished paper, not dated.
42. Ezeife, E. op. cit. p. 177.
43. Quoted from Management in Nigeria, August 1980, p. 24.
44. Ibid. p. 24.
45. Rimlinger G.V. and Stremlau, C. - Indigenisation and
Management Development in Nigeria, Nigerian Institute of Management,
Lagos 1973.
46. Mr. C. Leventis, Local Chairman of Leventis Group -
interview with Oviagbodun, editor of Management in Nigeria
April/May 1977 p. 41.
47. Ibid. p. 41.

48. NEPD 1977 p. 28.
49. See Esseks, J.D. - "Government and Indigenous Private Enterprise in Ghana" - The Journal of Modern African Studies 9, 1, 1971, p. 25.
50. NEPB - Fifth Progress Report on Implementation of the 1977 Decree p. 1/2 (covering the period 1/3/79 and 30/4/80).
51. The editorial of Daily Times (Lagos) 4/3/72 rightly observed:
"But the immigration authorities should not rule out the possibility of citizens of non-African countries who hold passports of friendly African countries enjoying the privileges fraudulently."
52. Some Lebanese who were granted Nigerian citizenship were given a one year extension because of the political unrest in Lebanon which made it difficult for them to obtain documentary evidence of a presidential order of renunciation of Lebanese citizenship.
53. See The New Citizenship Decree - the Constitution (Amendment) Decree 1974.
54. New Nigerian (Kaduna) 9/5/75.

CHAPTER 6

Indigenisation and Labour

Almost all of the accounts of indigenisation in Nigeria and other African countries such as Kenya, Ghana and Tanzania, overlook the implications for the workers employed in the commercial and industrial establishments which are partially or wholly transferred to indigenous public and private hands. This chapter attempts to make good the customary oversight by examining the role played by what can loosely be termed the Nigerian workers, in the course of indigenisation since the first Decree was launched in 1972.

The purpose here is not to discuss industrial relations for its own sake, but instead to raise a number of questions relating specifically to indigenisation. These concern the type of employees the 1977 Decree was intended to benefit and the manner in which they were supposed to benefit, and the extent of the actual involvement of workers in enterprises since promulgation of the Decree. Other questions to be touched on include: Which workers have actually participated in the equity ownership? What is the influence of the average shareholder in terms of day to day running of the firm? Has the 1977 Decree achieved industrial peace, through the 10% equity shares mandated to workers; and was the 10% share allocation a conscious attempt to popularise indigenous capitalism among the employees?

Much has been said about the inequitable nature of the indigenisation process in Nigeria. The benefits conferred on the wealthy, powerful and influential have been pointed out well enough. But it is not sufficient to merely state, as is so often done, that indigenisation failed to take into account the interests of the workers without referring also to their level of involvement in the exercise and their reaction to its achievements.

The tentative conclusions that can be drawn from a study of the 1977 Decree in particular, are, first, that on the general level,

enterprises affected by the Decree have managed to involve only a very limited number of employees in the equity ownership of those enterprises. Secondly, the government exhibits an ostrich-like attitude towards the lack of serious efforts by enterprises to help their employees gain equity shares. Thirdly, there have been adequate financial resources at the disposal of the National Provident Fund (NPF), largely financed by workers over the years, and which could have been utilised to buy shares on behalf of the workers. Finally, the expectation that wage increases would help workers to participate in indigenisation has not been realised partly because of the reluctance of private domestic sector employers to pay arrears to their workers.

The points that need to be looked at more closely fall under the following headings: The political involvement of workers and trade unions in the movement for indigenisation; the size of the Nigerian labour force; the Udoji salary and wage awards implemented by the Federal government in 1974-5; the 10% worker provision in the 1977 NEPD; industrial relations; the National Provident Fund and the view from the Nigerian Labour Congress.

The discussion that follows is mainly based on interviews conducted in 1982 and 1985. The first responses are from the employees of four public companies interviewed in 1982, and the second, responses received from 145 employees of five companies in Kano and Lagos and the results of interviews with NEPB, NEPC and NLC officials. Two of the latter companies are public, one of which is a service industry (construction). The other three are private Lebanese owned manufacturing firms. In addition to the 1977 NEP Decree's clause on ten percent equity participation for workers, evidence is also drawn from official pronouncements on labour and indigenisation; separate Decrees which deal with industrial relations; organised trade union leaders' attitudes towards the NEPD, and general official policy towards labour as embedded in the Decree and subsequent official progress reports

of the NEPB; committee reports, and government White Papers.

(1) Early Involvement of Workers in the Movement for Indigenisation

The presence of an organised labour movement has been an integral part of Nigerian political history dating back at least as far as the 1940s. At that time Union demands were not only economic but also political in character. This adds piquance to the consistent failure of the labour movement to gain significant concessions from the post-colonial State, despite the real contribution it has made to the shifting of political and economic power and wealth into indigenous hands, both during the colonial days and after.

The early preoccupation of opposing colonial rule as a political abhorrence was transformed into a coordinated struggle for wage demands and a general economism, once Nigeria's political independence had been won. After having waited patiently for "economic independence" and the Nigerianisation of almost all departments of foreign enterprise in one form or another, it became clear that such gains would produce very little of value for workers in either the private or the public sector. Labour was bound to turn (sooner or later) in their frustration on Nigerian enterprises. Strikes have come to be the main weapon left in the posturing of Unions in their struggle with new indigenous business owners and their foreign partners. Industrial relations cannot be said to have become more harmonious in indigenised than in alien enterprises as a consequence of indigenisation, as will be shown below.

In the colonial period nationalist leaders and other politicians encouraged workers to oppose foreign political and economic interests. By the early 1940s, militant unionism was in full swing. "Equal pay for equal work" became a popular slogan. Three hundred railway workers were led by Mr. Imoudu in the "Great trek" of 30/9/41.¹ Such protests

were publicly approved and endorsed by nationalists, for example H. Macaulay and Dr. N. Azikiwe who accorded a heroes' welcome to the Union's leader after his release from prison in June 1945. In the early 1960s, it was the Action Group (A.G.), the opposition party which encouraged workers, among other groups, to adopt a stance against the position of foreigners in the economy. It was to be the naive acceptance of the orthodox assumption that the workers' lot could be improved, that resulted in the disappointment of workers in the 1970s as they came to see their exclusion from the fruits of indigenisation.

Privileges enjoyed by European officers were demanded for Nigerians of a similar calibre. Workers' Unions in different establishments expressed concern for the Nigerianisation of the key posts, and called for the reduction of "White Staff" in private and public enterprises in favour of Nigerians. Unions demanded the Nigerianisation of management personnel of private and government establishments. They showed far less interest in the subject of nationalisation.

Minor Xenophobia and working class economism has always characterised the Nigerian Trade Unions. By and large they have never been ideologically motivated, apart from the 1950s and 1960s when a few ideological overtones were noticeable in some circles, most notably the Nigerian Trade Union Congress (NTUC).

The expatriate community of about 57,000 (excluding Lebanese, Syrians and Indians) which was resident in Nigeria in the second half of the 1960s was extremely privileged. An industrial survey carried out in 1968 showed that of the total labour force of 37,714 in 625 firms, only 2,040 were expatriates, and they accounted for £6.6 million out of a total of just over £24 million in wages and salaries.

Expatriates earned about ten times more than their junior Nigerian managerial counterparts. The contacts of expatriate with the indigenous population were based largely on either master-servant or executive-subordinate relationships. This situation was sufficient to warrant not only the working class, but also the educated Nigerians who served in a junior capacity to Europeans, demanding change. Any general theoretical analysis of the supposed burdens of foreign capital, or what is commonly referred to as "neo-colonialist exploitation", quite understandably took second place to sensitivity towards the particular situation in which individual Nigerians found themselves on a day-to-day working and social basis. However, national economic problems were, also, identified in terms of foreign business operations, as is shown by the Minority Report of the Commission on Review of Wages, Salary and Conditions of Service of the Junior Employees of the Government of the Federation and in Private Establishments, of 1964:

"In the course of taking evidence from workers, the view was expressed to the Commission that some of the economic difficulties of Government lay in a failure to tax the profits of companies adequately, and that there is too much freedom in exporting capital and profits from the country . . . But it appeared to be clear that Government places no ceiling on the amount of profits which . . . may be exported. Moreover, no industry to which a pioneer status has been granted pays any tax, for a period of up to five years no matter how much profit it makes."

Once indigenisation had been inaugurated in the 1970s, in close alliance with indigenous businessmen and nationalists, there was for many labour leaders a feeling of betrayal. When confronting foreign employers in jointly owned enterprises, the strategy has remained as before - to Nigerianise personnel and ownership, regardless of who the indigenous owners turn out to be. A typical example of labour protest against a partially indigenous firm occurred on 21st November

1977. The employees of Bhojsons Industries Ltd. at Ikeja demanded not just a wage increase but the Nigerianisation of top management positions throughout Nigeria. The workers demonstrated on the streets and demanded the removal of an individual expatriate engineer who was accused of obstructing efforts to Nigerianise the technical and managerial positions. Bhojson employed a labour force of 4,000 Nigerians, yet only four Nigerians were at senior technical level.

Blaming foreign businesses for obstructing the Nigerianisation of personnel and for aggravating unemployment is not new in labour circles. There have been instances of industrial vandalism by workers, and of unions calling on the government to take over directly some of the foreign owned companies. An example was the resolution adopted by the Nigerian postal and telecommunications workers in 1959, calling on the Federal government to take over the British owned Cable and Wireless operations. It went on to demand faster Nigerianisation of the senior posts in the company.³

Whatever malaise the economy suffers, the labour unions in Nigeria always tend to see at least part of the problem in terms of the pressure of foreign business, even as recently as 1983, after all of the indigenisation which had by then occurred. Mr. Akamoh, a trade Unionist, called for amendments to the NEPD, a further halving of foreign share ownership in the distributive trade, and reductions in the employment of foreign personnel, ostensibly so as to conserve foreign exchange.

, (ii) The Labour Force

In 1980 there were about 3 to 3½ million organised waged workers in Nigeria. The steady increase in the size of the workforce in the modern sector of the economy in the past three decades has actually made it more difficult for labour to combat domestic capital, due to a

series of divisions amongst the various unions. Furthermore, the organised workforce is still only a small minority; a conservative estimate of the Nigerian labour force in 1981 was 32.74 million; and of these 75% are illiterate and barely educated to school certificate standard.

The National Economic Council put the Nigerian male labour force at 8¹/₄ million in 1952/53. However, three quarters of the labour force were in the subsistence, rural agricultural sector, forestry and husbandry, while 60% in commerce and 3% in various professions and Government employment.⁴ Small scale industries of non-modern type in the traditional crafts such as brass work, blacksmith, leather tanning and weaving employed half a million of the male working population in the same year.⁵ An upward trend in wage labour employment has been maintained since independence in 1960. The private commercial sector alone employed around 212,000 persons in the second half of 1960, 14,200 higher than a year earlier. In the early sixties between 800,000 and one million persons were engaged in wage employment in Nigeria.⁶

The manufacturing sector, an area of crucial importance for the participation of workers, employed 62,855 representing 11.0% of the reported employment, according to a manpower survey of 1963. This was based on a survey response rate of 82.4% in the manufacturing industry.⁷

In the mid-1960s, about two million, representing 5% of the population, were in wage employment, with 60% of the total number of employees in the public sector.

The 1975/80 plan estimates put the size of Nigerian labour force at around 29.22 million as at 1975, and anticipated a growth in absolute terms by about 704,000 per annum between 1975 and 1980.

Table I Size of Labour Force

<u>Year</u>	<u>Labour force</u>	<u>Increase in Labour</u>
	<u>Estimates (Millions)</u>	<u>force (Millions)</u>
1975	29.22	-
1980	32.74	3.52

Source: The structure and nature of Nigerian Manpower Resources - National Manpower Board.

If educational level is taken as one determining factor in the likely participation of employees in the indigenisation, the picture has got to be discouraging, as the Manpower Board Statistics reveal:

Table II Education level of the Labour force

<u>Educational level</u>	<u>Percentage distribution</u>
Illiterate	73.27
Literate but without formal schooling	13.70
Literate with formal schooling	13.03
Below primary or standard VI	7.89
Primary but below school certificate or equivalent	4.26
School certificate (or equivalent) but below graduate	.83
Graduate and above	.05
TOTAL	100.00

Source: V. Diejomaoh - "The structure and nature of Nigeria's manpower resources" - Management in Nigeria, June/July 1977 p. 25.

The 1975/80 National plan estimated that only 6% of the employed Labour force (those employed in large and medium-size establishments) belong to high-level (senior) category of manpower, 17% of the manpower are in intermediate category, 30% in the skilled group while around 46% of them were in the residual category.² Most large and medium

industries employ far higher numbers of non-senior category, manual employees than senior managerial staff and intermediate staff.

Table III
Manpower Structure in large-scale Establishments

Occupational Group	Estimated employment		Additional employment
	1975	1980	1975-80
(i) Senior category	91,500	126,750	35,250
(ii) Intermediate category	252,000	339,300	87,300
(iii) Skilled and semi-skilled category	436,500	559,650	123,150
(iv) Unskilled and others	720,000	954,300	234,300
TOTAL	1,500,000	1,980,000	480,000

Source: V. Diejomaoh - The structure and nature of Nigeria's manpower resources" - Management in Nigeria, June/July 1977 p. 27.

Workers in both public and private sectors are classified as "senior staff", the "junior staff" i.e. clerical lower professional and technical groups, and the manual labourers who operate machines, gate keepers, cleaners, sweepers, drivers and messengers. Of all the categories mentioned above, only the senior staff appear to have played a very limited part in share acquisition. Out of four publicly quoted Schedule II companies visited by the author in 1982, none reported indigenous employee participation below the rank of "senior staff". An interview conducted in 1982 with five intermediate group employees of the rank of Accountant, Clerk, Typist and Sales Representative revealed that they neither bought shares nor attempted to do so. They were of course aware of the indigenisation exercise affecting their expatriate employers. When asked why they did not take advantage of the provision of the 1977 Decree, which was

specifically designed to assist employees, the most common answer referred to finance. Furthermore, the result of the interviews in 1985 among 145 employees in five companies (two public and three private) in Kano and Lagos which are discussed below, show very similar results. Many had hoped that the Commission set up by the Government to review and recommend salary and wage increases (the Udoji Commission, set up in 1974) would facilitate worker participation in the indigenisation exercise.

(iii) The Udoji Awards

In 1971, a public service review Commission, headed by Chief Adebo, was established by government Decree. A year later, the 1972 Indigenisation Decree was launched and, two years after the Decree was passed, another public review Commission Decree was passed, this time headed by Chief J.O. Udoji, in fulfilment of the Adebo Commission recommendation of 1971. The Udoji Commission was given the task of harmonising salaries and wages in the various parts of the Government sector. Although initially it intended to address itself only to the public service salary structure, active trade union demands forced the inclusion of a similar review of the private sector. This heightened the workers' expectations in the private sector and raised issues about the relations between the employers in the private sector and their employees.

The increases awarded by the Udoji Commission in the public sector in 1974 led employees in the private sector to demand corresponding increases, and labour pressure including strikes was eventually effective in forcing the authorities to extend the principle of the Udoji awards to the private sector. The reluctance, and then in certain instances a refusal to honour the Udoji recommendations in the private sector led to further strikes. These forced the Employers

Consultative Association to declare a statement of intent on negotiating with employees. In the end, like the indigenisation scheme, the Udoji recommendation effectively left out over 94% of the working population from the benefits. In effect a total of 5.5% of the workers in the public and private sectors were provided with a small portion of the growing oil revenues of the country while the rest of the active working population remained on less than a third of the minimum wage of N720 paid to workers in government.⁹

The payment of arrears and wage increases failed to establish any positive connection with indigenisation. There is no evidence to suggest that the government intended to link the Udoji award to the indigenisation programme with the workers in mind. Needless to say, rather than utilising the financial benefits of Udoji to buy shares, the wage increases which were awarded induced a spending pattern based on imported consumer goods. Even if the government had appreciated that it would have gained in popularity by linking the Udoji awards with the indigenisation exercise, the government nevertheless put no effort into advising workers on how best to employ their financial gains for the purpose of share acquisition. Had the awards been utilised in share acquisitions, the inflation of consumer good prices which followed Udoji would have been considerably less, as the government later came to publicly admit.

The Udoji award was not much help to intermediate and lower category employees in acquiring shares in their own firms, let alone in other enterprises. Most of the larger foreign firms who made huge profits during the oil boom of 1973/74 did make substantial increases in the pay of their employees of all categories. However, indigenous employers refused to pay arrears because it was felt that

paying arrears to employees would wipe out the accumulated profits. As two leading businessmen, Chief Henry Fajemirokun (President of Nigerian Association of Chambers of Commerce) and Chief T. Odutola (President of Manufacturing Association of Nigeria) stated, indigenous companies were still servicing the loans they had taken out in order to purchase foreign businesses, and so could not pay the Udoji arrears. As a consequence of this, employees were to become more resolute in their negotiations with indigenous firms. But more than the fact of having to pay foreign creditors, the major fear expressed by the Nigerian owners of newly-indigenised businesses was that since such businesses were only marginally profitable anyway, the implementation of the Udoji recommendation would lead to a permanently higher cost labour force which could ruin those enterprises. Accordingly, low wages were argued by the indigenous private sector to be vital to the success of newly acquired enterprises, although the Udoji award had seemed to contradict any need to ensure low wages for the success of indigenisation.

There was barely any intention by the government in 1974 to link its wages policy with a wish, subsequently declared in the 1977 Decree, to involve the majority of employees in the indigenisation programme. However, since the Indigenisation Decree (1977) and the final Udoji awards were in fact launched within twelve months of each other, the effect of the one on the other cannot be ignored. The failure of the government's attempt to harmonise its salaries and wages policy with indigenisation can partly be explained in terms of the administrative difficulties posed by indigenisation, against the background of confidence generated by huge government oil revenues. Many workers left their jobs in the search for higher benefits where Udoji awards had been implemented. This damaging migration of labour could have

been prevented at the time by an increased participation by workers in all categories, in the indigenisation scheme. Moreover, dividends could have been sanctioned as a deliberate supplement to wages, thus avoiding the necessity to grant large wage increases; and a greater involvement of private sector workers in the indigenisation could also have matched the attractive pensions and other benefits which were enjoyed by government employees. Hence worker participation in indigenisation and dividend reinvestment might in theory have provided a solution to the government's need of a wages policy, even though in practice the sort of commitment which it would have required from government is probably not one that could realistically be expected from the sort of elite-dominated governments which Nigeria has experienced in the past.

The Udoji awards were not, then, a vehicle for the workers to participate in share ownership, and nor were there any government plans at the time to link its wages policy to workers' participation in its Enterprises Promotion Decree. However, by 1977, a new military leadership had come to power, with something of a reforming zeal. The 1977 Decree in its mandatory ten percent participation for employees marked the first formal attempt by the government to involve the workforce in the process of share acquisition.

(iv) Mandatory Ten Percent Participation for Employees

The 1977 NEPD, as already stated, made some attempt to "contend with the requirements of egalitarianism."¹⁰ Although the Decree was careful to avoid making an express commitment to absolute equality, its ten percent provision was widely presented among government officials as egalitarian. The provision in Section II (1)(d) of the 1977 Decree addressed itself to the issue of 10% workers

participation. This section made it mandatory for all affected enterprises to allocate 10% of part or all of the businesses that were designated for sale, at least half of which should go to non-managerial staff. This was seen at the time in some quarters to constitute a significant improvement on the 1972 NEPD.

The provision originated in the industrial panel, which under the Chairmanship of Chief Adeosun investigated the implementation of the 1972 NEPD. The panel recommended in 1976 that: "All enterprises affected by the NEPD should provide for sale part of their shares to their employees, a suggested minimum being 10% (of the saleable shares). Only in cases of sole purchasers should this requirement be waived."¹¹ By accepting this recommendation the government showed its commitment to the principle of shareholding by employees, but as can readily be appreciated, by no stretch of the imagination could a very significant commitment to radical egalitarianism be said to have been on the cards.

The Adeosun report suggested the following six alternative methods of enabling workers to purchase shares in the enterprises in which they worked. (a) The alien proprietors could transfer the shares as "gifts" through a legal deed to the Nigerian employees¹² (b) the alien proprietors could lend money to the employees to enable them to pay for the shares (c) the company could lend money to the employees to enable them to pay for the shares (d) the acquisition could be financed from past savings of the employees (e) the purchase of the shares could be financed through the Nigerian Bank for Commerce and Industry, the Nigerian Industrial Development Bank, or other similar institution, either directly by lending to the workers or indirectly through the enterprises which

will be responsible for administering and supervising the loan.¹³

All these recommendations of the Board were accepted by the government, according to the NEPB's second progress report.¹⁴

However, none of the six alternatives listed above was wholly realistic with regard to the Schedule II and III enterprises affected by the NEPD. If workers had been able to save out of their wages, and were blessed with a sound knowledge of how to apply for shares, then there is no reason why they could not have participated in acquiring shares in the first place. The possibility of workers acquiring loans from the commercial banks was remote.

However, many of the larger firms were reported by the NEPB in its progress report (1979/80) to have set up workers' trust funds and pensions to enable them to buy shares and hold in trust for the employees. Again, in 1983, the NEPB's 8th progress report expressed satisfaction with the implementation of the 10% equity participation for workers: "All the affected enterprises are made to comply with the provisions of Section ii(d) of the Decree by allotting 10% of the saleable shares to the staff . . . Most of the publicly quoted companies complied by selling the shares directly to the individual staff, while unquoted public and private companies established Trust funds for that purpose."¹⁵

However, there are good reasons for viewing these impressions of the Board with scepticism. All the evidence gathered in the course of this study indicates that a majority of those firms recommended for compliance certificates in the sample selected are in fact not complying with the ten percent provision. The discrepancy need not reflect badly on the inspectors. It owes instead to unreliable information from company managers and owners anxious to protect their private interests. The 8th progress report

of the Board has already drawn attention to the non-cooperative attitude of many companies. Although it is mandatory for the companies to avail their records, account books, financial files and other related documents to the inspectors for examination, inspectors do not have the authority to interview employees directly. Officials of the Borno State NEPC and zonal officers at Kano revealed that on many occasions the zonal office at Kano had tried to persuade the Board to seek from the executive council increased powers for the inspectors, in particular the authority to interview employees. On past and present experience, the officers explain, employers object to NEPC officials talking to employees because they (employers) fear that employees may be "incited" to strike. The reluctance of employers to allow outsiders to speak to employees on such matters as workers' equity ownership was encountered by the author on at least four occasions. Moreover, in cases where the NEPB confirms the non-fulfilment of the 10% equity provision, company proprietors are not strictly liable to any official sanctions. The government's attitude to this problem has remained one of indifference up till now.

The other part of the problem that encourages non-compliance with the 10% requirement is the official concern to avoid the redundancies which would be created by shutting down firms. This is one of the dilemmas in which the Board quite often finds itself when attempting to enforce compliance with one or other of the requirements of the indigenisation Decrees (see chapter 4 above). The Board's concern is sometimes exploited by companies. For example in persuading the NEPB to unseal Sokoto Furniture Factory, the Lebanese proprietor of the company who held 76% of the ownership at the time, skilfully manipulated official fears in his letter (25/7/81) to the Secretary of Sokoto State Governor:

"that the government of Sokoto State does everything . . . to alleviate this current situation thereby allowing the management of the company to maintain production, keep up present level of employment and so avoid the distasteful resort to redundancy which will cause innocent workers to lose their jobs. It may also cause untold hardship and suffering to their families . . ."

Other official records also highlight the same problem. A letter written by the NEPC, Kano to NEPB, Lagos over the Sokoto furniture affair expressed concern and urged the Board to allow the firm to reopen to "alleviate the suffering of the workers". Again in another letter (20/9/81) the Kano zonal office expressed the fear that "workers of the Factory wanted to make trouble before they were paid their last month's wages . . . it is advisable to reopen the factory under co-management". The Board subsequently gave a directive to unseal the factory on 29/9/81, and placed it under co-management.

The official confirmations of satisfactory results in respect of the fulfilment of 10% equity share allocation for workers are, then, not always to be believed. The author was successful in interviewing 145 employees of five companies (3 in Kano and 2 in Lagos) on the basis of questionnaire II (Appendix D) to seek verification of the company reports which state that those companies (inspected in Kano) have complied, and also to determine the real extent of the 10% implementation. Initially eight private intermediate Schedule II manufacturing firms had been selected from Kano out of 48 firms with 1,034 managerial staff and 18,470 permanent manual employees. Since these companies had already undergone post-compliance inspections, they were in a position to give a clear picture of the extent of implementation of the 10% equity provision. The general reports of the NEPC give an overall impression that the companies have allotted the 10% equity shares to employees. However, the individual reports on the 145 companies show that 67 companies have in fact failed to

comply; and the results of the interviews conducted by the author in the case of five companies provide a detailed elaboration of this situation.

In the inspection reports examined in 1985 only eight companies are said to have complied with the 10% equity requirement. In one instance here, a representative of one company's employees wrote a letter to the management indicating the unwillingness of some workers to take shares. Another company is shown to have partially fulfilled the 10% equity requirement by allocating shares only to the managerial staff, and excluded the non-managerial employees. Yet the employees of a third company 'turned down' the offer of shares. The remaining five companies have fully complied. One company allocated ₦2,160 worth of shares to three senior employees and another ₦2,160 to six manual employees, with one holding ₦160 shares and the rest divided equally. Another company allocated 3,000 shares to both manual and non-manual workers. The other three are merely confirmed to have complied by allotting 10% of their shares. Five other companies have also claimed to have complied with 10% by setting up trust deeds for their workers, but this has not been confirmed in the inspection reports.

The management of two Kano enterprises declined to allow workers to be interviewed, on the grounds that the questions are "too political". One insisted that it had complied but only managerial staff would be allowed to answer questions, on behalf of the manual employees. The employees of one enterprise simply declined to answer questions. Similarly, in Lagos, out of the three public companies, the employees of one company declined and the managerial staff of another company refused to answer the questions. But some manual employees were contacted: out of the total of 11 companies selected initially, six are eliminated and a total of 145 employees were interviewed in the five remaining companies in 1985.

A total of 70 employees in three companies in Kano answered Questionnaire II (Appendix D). Twelve of the employees are in junior managerial ranks, while 58 are non-managerial, manual workers, for example security guards, drivers, porters, shopfloor machine operators and mechanics. In the latter case, questions were read and explained and answers recorded by the author because the majority of respondents were not literate in English.

All the managerial staff admitted to knowledge of the indigenisation Decree (see question 1 of Questionnaire II, Appendix D) but 54 in the non-managerial category were ignorant. With regard to whether they had taken advantage of the opportunity under indigenisation (see question 2, Appendix D) 68 of the employees (both managerial and non-managerial) had not acquired shares.

The answers to question 4 about who were the chief beneficiaries of indigenisation, were uniform - 67 agreed that indigenisation is biased against workers, but the responsibility for this was not uniformly placed. Two managerial employees blamed the government for the bias, three blamed both the government and the employers, and seven blamed the employers. However, 66 manual employees blamed the employers and only two blamed the government, in particular for not checking and verifying the participation of workers, and for passing anti-strike legislation which impedes their ability to defend their interests. The majority of manual employees showed ignorance and apathy about indigenisation and the 10% equity provision, whereas all the managerial staff questioned expressed views about the objectives of indigenisation and related issues.

The results of the interviews among the employees of a further two companies in Kano were similar. In the first of these, all the manual employees interviewed, with the exception of two who were aware of the NEPD, had no knowledge as to who benefited from the indigenisation

exercise. The failure to benefit from the indigenisation was largely blamed on the companies, and seven blamed the government. Even though none of the workers had any idea of how to improve the policy, all agreed that the purpose of the policy should have been to cater for the interests of the workers. A majority of the employees wished to acquire shares on an individual basis, and they rejected government participation as an alternative to individual acquisition. The majority of the workers are unionised,¹⁷ and the company's employees have gone on strike more than once, in 1981 and 1984. As all the interviewees had joined the company between 1979 and 1984, they have taken part in these strikes. However, the reported causes of these strikes were, again, simply poor conditions of work and low wages rather than dissatisfaction with the failure to implement the 10% equity scheme.

In the second company, where 42 manual and eight non-manual employees were interviewed, the response to the questions were very similar. The managerial staff included personnel officers, clerks, secretaries, receptionists, telephone operators and typists. In the manual category are motor mechanics, machine operators, security guards, drivers and messengers were similarly interviewed.

All the senior staff were aware of the NEPD, but none has reported buying shares in the company nor in any other company. The benefits of the indigenisation are widely believed by the staff to have gone to businessmen. According to a majority of the senior staff the source of the bias in the indigenisation lay in the government's handling of the implementation of the 1977 Decree. They felt that the NEPDs were intended "to give room (ownership) to Nigerian entrepreneurs in foreign companies", and wished to see more indigenisation instituted.

A majority of the managerial staff belong to the Nigerian Union of Construction and Civil Engineering Workers (NUCCEW)¹⁸. As in the

other cases, both managerial and non-managerial employees prefer the acquisition of shares to be on an individual basis, although two managerial staff did wish to see nationalisation tried.

All managerial staff had joined the company since 1978 and so were unable to state whether majority indigenous ownership introduced better terms of employment than foreign ownership. Furthermore, they had undertaken no strike action since joining the company. By contrast, manual employees of the company reported going on strike over "poor condition of service". Among the 42 manual employees of the company, only seven were aware of the NEPD. None of the manual employees reported acquiring shares. Most employees blamed the company for not allocating shares to workers. The answer to question 7 ("What do you think should have been the main objectives of indigenisation?") is mainly "don't know". With the exception of two workers, all the rest are union members. With the exception of one, all expressed a desire to acquire shares on an individual basis. As to union assistance, twelve workers agreed that the union occasionally helps in taking up matters on their behalf, but the rest were not happy with the performance of the union.

Seven workers joined the company before the 1977 Decree, and the rest joined after the implementation of the 1977 Decree. Neither those who joined the company before the 1977 Decree nor those who joined after, noticed any marked change in industrial relations. Finally, as in the case of all other employees, a majority of the employees in the company (except two who wish more foreign ownership) preferred to acquire shares individually rather than collectively through the unions or the NPF.

In summary of the general impressions gained so far from the interviews of employees it could be said that the benefit to employees in terms of equity ownership, in particular among manual workers,

has been at best patchy and, more usually, either slight or non-existent. However, because most workers have not been made aware of, or been involved in, the exercise of indigenisation to any degree, insufficient resentment has been provoked to cause a mobilisation of labour into political action over indigenisation. As will be argued in the next section, although indigenisation could have been used to help improve industrial relations, by taking advantage of the individual acquisitiveness which runs throughout all levels of Nigerian society, instances of poor industrial relations instead reoccur and continue to owe to traditional concerns about wages and related conditions of work.

(v) Industrial Relations

Much of what was said in section 3 above relates to the ways in which Nigerian employees could have been (but were not) assisted, directly or indirectly, intentionally or unintentionally, by the Udoji recommendation. A further detailed consideration raised in the course of the interviews is whether indigenisation has done anything to improve industrial relations in Nigeria, an issue that has to be examined specifically in the light of industrial disputes since the launching of the Decrees. The failure of indigenisation to promote worker shares in ownership has hardly helped to head off problems of industrial unrest. The contention advanced here is that if the 10% equity for workers had been properly implemented, workers would perhaps not have resorted to strikes as often as they have done after the 1977 Decree. This judgment can be illustrated by relating the 10% Mandatory Clause of the 1977 Decree to the government's attitudes towards organised labour and to the levels of industrial strikes since the launching of the Decree.

With the increase in State participation in the economy due to indigenisation, the government started to turn its attention to problems

of industrial relations and labour unrest. In order to contain union militancy and to ensure the success of its wages policy, between 1973 and 1979, the government legislated a series of measures against employees in all sectors of the economy. Such measures have often taken the form of carrot and stick. The carrot is largely reflected in the financial assistance provided to the unions by the State, and the nominal provision which entitles workers to participate in indigenised firms. The Trade Union (Amendment) Decrees 21 and 22 were promulgated by the government in 1978, with provisions for automatic recognition of industrial unions and the Nigerian Labour Congress (established in 1978) by employers. Past experience had shown that many employers refused to grant recognition to the unions and refused to facilitate the process of collecting union dues.

The stick took the form of a series of Decrees and other measures which curtailed the freedom of activity of radical labour leaders. Left-wing labour leaders have even been jailed, noticeably after 1972. For example, in 1978 three union leaders of the Kaduna Peugeot Assembly Plant (which enjoys substantial government financial participation) were sent to jail on grounds of inciting workers to strike.¹⁹

This intimidation of union activities was not a new phenomenon - it has a history that predates indigenisation. In October 1971, 5,000 workers at the Kaduna textile mills went on strike and as a result riot police were deployed in a show of strength. Such heavy-handed treatment was sometimes opposed by certain sections within the government. For example, the Commissioner for Labour, Chief A. Enahoro is on record as having argued in 1971 that such measures adopted to control industrial relations allowed companies to "ignore workers' demands, whether unjustified or justified."²⁰

Measures were designed through the reorganisation of labour unions in the mid-1970s to prevent union leaders from diversifying their financial interests in such a way as to become involved in corrupt

practices. But the code of conduct also seemed to contradict the spirit of employee participation at a wider level. Another tool of control was the Trade Dispute Decree no. 23 of 1976, designed for essential services, which is to say public service, and forbidding the workers to embark on industrial strikes. This Decree also affected joint ventures between government, foreign capital and indigenous private interests; and it provides a clear example of foreign companies benefiting by participating in joint ownership with government.

To understand the reasons behind the promulgation of such Decrees as the aforementioned it is important to examine the series of industrial strikes which began in the mid-1970s.

A report carried by the Guardian (Nigeria) of 16th December 1983 noted that the country lost around $2\frac{1}{2}$ million man-hours through trade disputes in 1983. In the two previous years, 1981 and 1982, the recorded number of disputes was 163,214 resulting in the loss of 2,434,841 man-hours. It went on to report that "the proportion of disputes settled yearly . . . has shown a steady rise from 2% in 1980 to 17.1% in 1983." These figures were given by the Chairman of the House of Representatives Committee on Labour, Mr. Ejike Nwankwo. Compare this to the International Labour Organisation (ILO) report (1977) which showed 400,000 working days lost in 1975 through strikes, stoppages, lock-outs and other industrial actions. Compare also with Table IV below, which was compiled by the Federal Ministry of Labour at the time of the 1972 NEPD implementation.

Table IV

Industrial Relations Statistics

<u>Item</u>	<u>January - April</u>		
	<u>1973</u>	<u>1974</u>	<u>1975</u>
Trade disputes	53	81	601
Work stoppages	18	35	NA
Workers involved	5,901	16,103	NA
Man-days lost	25,982	47,248	NA

NA - Not available

Sources: Federal Ministry of Labour, Lagos

Strikes were more intensive between January and June 1975. If absenteeism, casual leave, and sick leave are taken into account, the figure would be even higher. Hence if the first indigenisation Decree was supposed to prevent labour unrest, then the results were far from encouraging.

The Federal Ministry of Labour recorded about 883 trade disputes between August 1975 and July 1977. About 87 were resolved by the Ministry while 642 were solved by informal compromise. In the same period, 51 trade disputes were referred to the Industrial Arbitration Panel which made 65 awards. 453 of the reported disputes (883) resulted in strikes and a loss of 569,918 man-days. "There were also 25 inter-union and intra-union disputes within the period. Thirty of such disputes were settled by officials of the Ministry - some of them through plebiscites." Irrespective of which sets of figures are thought to be the most accurate, there clearly has been much unrest, and this unrest has often been sparked by union leaders expressing their dissatisfaction over wages and closely related issues.

Many private-owned firms are, then, still faced with the problem of how to foster in the junior employees a strong sense of belonging and a willingness to be a cooperative and compliant workforce,

inspite of - indeed, in part because of - their inability to acquire shares. The problem is not shared to an equal extent across all sectors. Unlike the manual workforce of the manufacturing establishments, the employees of banks, insurance companies and other non-labour intensive service sectors who have some education and training do admit the benefits they have obtained. For example it was reported in Punch newspaper (2/8/83) by the Chairman of United Bank for Africa (UBA) that, "in accordance with the wishes of many shareholders, a special shares offer was made to employees of the Bank . . ." The manager went on to reveal that "2,869 employees . . . took advantage of the special shares issues. As a result, the total number of shareholders . . . increased to 5,687. This equity participation of staff has . . . improved the generally harmonious industrial relations in the Bank." ²³

In contrast, in 1982, a Special Report (Spotlight on Leyland Nigeria) carried by New Africa showed "that 2% of the equity shares reserved for Leyland personnel is distributed among the junior staff of 20K per share;" Leyland, a British public company, has its subsidiary in Ibadan, employing 1,200 personnel with 34 expatriate positions which had yet to be Nigerianised at the time. Clearly, long after the deadline had expired the company had only been able to sell one fifth of the 10% allocation to its employees. Despite the claim by the Leyland company that it had achieved success in its relations with its personnel ²⁴, it is unlikely that an assembly line man who earns ₦130.00 per month will ever be able to buy shares in Leyland. The subsidies that the workers enjoys by way of cheap food and housing allowance would not make much difference to this.

Both expatriate and indigenus employers often fear that the unions may "erode" their ability to reinvest, through ever-increasing wages demands, and so they seek government protection from trade union

pressures. The union leaders see the situation differently. In the words of O. Eshiett for example "The trade unions on their part invite government intervention only in so far as it will enable them to 'gain the lost fruits of their labour' during the colonial era and what they imagine is the era of huge profits and oil boom."²⁵ The government itself however must be concerned about wage-cost inflation and hope that wages bills will not rise so rapidly that the fruits of improved productivity cannot be utilised to produce an increase in capital investment.

Some Nigerian managers and proprietors believe that employees cooperate more with alien-owned and -run enterprises than with Nigerian employers. It is true that managerial and highly paid indigenous staff have tended to be more tolerant of foreign management due largely to the higher wages which they pay. However, at the same time, the emerging indigenous aspiring capitalists are perhaps more arrogant and inflexible in their attitudes towards workers than are foreign investors. The latter are conscious of their foreign status and in consequence often try to handle industrial relations with considerable care. Industrial relations in many indigenous enterprises do become more strained. Indigenisation has not brought about industrial peace there: with indigenisation, the opportunity was missed not only to share the benefits beyond a relatively tiny socio-economic and political elite, but also to foster an improved climate of industrial relations.

(vi) The National Provident Fund

When consideration was given to the idea of worker participation in 1976, very little thought was given to alternative methods of participation by workers. The industrial panel under Chief Adeosun failed to give sufficient attention to the ways in which such accumulated labour funds as the National Provident Fund could be made use of in indigenisation. An imaginative use of the fund might have helped

to avert at least some of the country's industrial strife.

The National Provident Fund (NPF) was established by the Provident Fund Act of 1961. This was a compulsory saving scheme, and it was introduced by the first civilian government of independent Nigeria. By 1962, cumulative NPF investment was ₦3,449,940. After investment in industrial properties the amount rose to ₦481,529,316 in July 1981.²⁶

It was a scheme for junior workers in the private sector of the economy. Initially the scheme affected large enterprises and excluded small firms. The idea of the NPF was to provide a measure of social security to employees at retirement. To this end, the law required that employers who had more than fifty workers on their pay roll, register them with the NPF Scheme, and deduct 6% of the worker's pay before wages were paid. The employer then doubled the amount and remitted it directly to the NPF reserve. The scheme was later extended to cover companies employing ten or more workers; and currently there is a demand for the inclusion of companies with up to five employees, and for the contribution of workers to be increased from 6% to 8% i.e. from a minimum of ₦4 to ₦8.

Since past practices have revealed that many workers were effectively excluded from the NPF Scheme, it can be argued that to subject both partial and fully indigenised firms to a new NPF programme now could compensate for the deficiencies of the present six options which were suggested by the Board (see page 233 above). The part of the worker's wage which was supposed to be remitted could be retained by the companies, who in turn could regularly issue shares. Such a scheme would be akin to an insurance bonus. Alternatively, the cumulated Fund of the NPF could be used to buy shares in most of the profitable companies still unable to sell their shares. For example, the 145 company reports already referred to show that 58 enterprises have not yet sold 559,971 shares (not valued) held by 12 companies and ₦10,083,264 worth of shares held by 46 companies. These methods are far more

desirable than any of the company charity methods so far considered by the authorities. Such a scheme would also be likely to avoid antagonism and resistance from indigenous owners. However, to prevent this system being abused by Nigerian or foreign proprietors or managers, the employees should be given full information, and the decision-making process of the company would have to include representatives of the employees of the firm.

It is not being suggested here that by involving workers through the NPF, benefits from indigenisation would percolate through to anything like a majority of working citizens, let alone all Nigerians, but merely that such a measure would be a step in the right direction from the point of view of the rather modest gesture towards egalitarianism which the government seemed to want to commit itself in the 1977 Decree.

The Fund has had a substantial amount of money at its disposal (see the figures for 1973-5 in Appendix F). Nevertheless, a brief survey of NPF conducted by S. Odebe in 1983²⁷ showed that although employers deducted workers' wages, they failed to make payments to the NPF office. Since its inception, the NPF has experienced various problems such as the ubiquitous postal delays in remitting dividends²⁸ to workers, illiteracy among the investors, and statutory difficulties arising from government restrictions (regulation). In addition, Mr. Obua, a representative of the Nigerian Labour Congress (NLC) on the NPF Board has revealed that the NPF is reluctant to give information about the number of companies which default on the obligation to send workers' subscriptions to the Fund, the number of people who succeeded in claiming, and the types of action taken against defaulting companies. A greater amount of workers' participation in their enterprises would help to guarantee against such company defaults, postal delays, and some of the other problems which have been experienced since the introduction of the scheme.

Since 1966, all monthly issues of NPF information and statements have been discontinued, and no official mention of the fund is now made. It is up to the government, given the purported intention of the 1977 Decree to involve workers in indigenisation, to explore the possibility of finding and reviving the resources of the NPF. If part or all of the NPF money were reinvested by buying shares, then dividends on a regular basis could be provided to supplement wages and other incomes. The NPF could still provide the institutional means through which all grades of workers could be involved in indigenisation as direct beneficiaries, although the administrative burdens involved would probably be considerable and quite costly.

In comparison the appeal to private firms to voluntarily provide their employees with financial provisions and other forms of loans to purchase shares, as was suggested in an NEPB report, is futile. Government should require the firms to provide shares to employees in the future, instead of the six percent deductions from the workers' wages, which usually fail to reach NPF. One body which could press for such a reform is the Nigerian Labour Congress.

(vii) The View from The Nigerian Labour Congress

The Nigerian Labour Congress was created in 1978. By 1983 it had 143 affiliated trade union bodies with a membership of 2,464,000 registered workers. It is the officially recognised representative of the industrial, commercial and service sector workers of Nigeria.

Its views and information about the 1977 NEPD can only be collated by reference to NLC publications after 1978 and discussion with present officials of the NLC. When the implementation of the 1977 NEPD began, there were reports of meetings between the NEPB, the Ministry of Labour and representatives of trade unions on the implementation of the 10% equity proposed.²⁹ It is not clear what purpose such meetings served. Most of the representatives of trade unions who took part

in discussions with the government, MAN and NECA prior to the promulgation of the 1977 NEPD are no longer with the NLC. Moreover, inspite of the potential importance of the 1977 NEPD to employees, the NLC has published very little literature on it since 1978. There is no expressed NLC position on those companies that refuse to allocate shares to their workers, except general references to the need for better treatment of employees. The apparent lack of interest by the NLC is due largely to the failure of individual workers or their affiliated unions to report matters concerning the implementation of indigenisation in their companies. For, according to the NLC's General Secretary, feedback to the NLC from members is the basis upon which the NLC formulates policies and acts accordingly. The inability to obtain information from members leaves it unable to make specific demands on employers and the government.

In conversation with the author NLC officials were quite prepared to be critical of the implementation of the indigenisation Decrees, and in particular mismanagement by "unqualified, inexperienced indigenes who took over through extraneous influences." The changes in ownership structure have given rise to new indigenous employers who are reluctant to recognise trade unions, believing that collective bargaining is unsuitable to pioneer enterprises with limited resources of capital and personnel.

Some officials advocated an increase in the 10% equity shares to 30% in respect of new companies, and complained about the continuous occupation by foreigners of sensitive positions in private and public companies, describing indigenes in those enterprises as "fronting" and "figure heads".

It is interesting to note that although a majority of the employees who were interviewed expressed a wish to acquire shares on an individual basis, some NLC officials, in contrast, believe quite

strongly that collective participation should have been the central theme in the involvement of labour in the indigenisation exercise. This runs against the NLC's general policy statement (1983/4), called a Charter of Demands, which calls for 10% equity shares to be distributed to rank and file of workers, so accurately reflecting the majority opinion of the 145 workers who were interviewed.

The Nigerian Labour Congress has remained opposed to the privatisation of State owned companies and parastatals. Like the government bureaucracy, the Nigerian Labour Congress has tended to develop a vested interest on behalf of employees in State owned companies, such as the Nigerian Ports Authority, Nigerian National Shipping Line and Nigerian Railway Corporation. In its press release in 1983³⁰ the NLC strongly objected to the Shagari government's announced policy on privatising State parastatals. The NLC's objections were couched in terms of the need to preserve national security, but underlying them was a more fundamental concern about security of the jobs which could be put in jeopardy by privatisation. In any case, the anti-foreign business feeling of NLC dictated that privatisation be opposed, out of a fear that foreign capital be brought back into partnership with private indigenous capital.

The Labour Congress believed that unwarranted political interference was largely to blame for the poor performance of parastatals. Inefficiency, cited by the government as a reason for privatisation, was not sufficient to warrant de-nationalisation. "Members of the boards of these companies and corporations, are political appointees. Most of these political appointees are compensations for the loss of³¹ elective political offices . . ." The NLC threatened that attempts by any regime "to undermine the struggle for the economic independence of Nigeria, will be effectively resisted by Nigerian Labour Congress."³² Thus the idea of economic independence, viewed in the context of

indigenisation, has come to be seen by NLC in the 1980s to be embodied in continuity of State ownership.

Nevertheless neither the individual trade unions nor the NLC have, throughout the period since indigenisation, canvassed openly for the further expropriation by indigenous businessmen and the State of remaining parts of foreign capital. Rather they have continued to be pre-occupied with wage increases and improvements to working conditions. The issue of who should own and control the resources acquired from foreign investors has not been a major item for discussion between Nigerian employers and their employees, in either the public or private sector, although this issue is more likely to come up in the future, given the increasing level of unionisation among workers. Whether indigenised industries will come to serve as an effective political "talking drum" remains to be seen.

Paradoxically the fear has also been expressed that multinational corporations could infiltrate the trade union organisations, so as to undermine further efforts for "economic independence". The editorial of the New Nigerian (15/4/77) said:

"Trade unions, if neglected or emasculated, could become willing tools in the hands of . . . past masters in the politics of crisis. Should the multinational corporations and the giant monopolies get hold of our trade union functionaries, trade unionism could hamper the national drive to economic independence and rapid development. The converse is also true. If the authorities relate positively to a democratically elected trade union leadership, then our trade union movement could become responsible and respectable, and thus serve as a powerful supporting force in the nation's march to economic independence, progress and the egalitarian society."³³

Many union leaders were invited to serve under various governments during the 1970s. This was, perhaps, motivated by a desire to be better able to control union affairs.

Some trade union leaders, such as Lawrence Borha and A.Y. Kaltungo, joined the services of their State governments. In 1979, the involvement

of Nigerian labour leaders in national politics became even more pronounced. In 1979 the Kaduna State government drafted Alhaji A. Dangiwa, the current General Secretary of the NLC, into its service. There was also an ideological affinity between the NLC and the party in power (PRP) in that State. However it is not clear whether the union's presence in State governments influenced central government thinking on the second phase of indigenisation. It certainly cannot be assumed that union leaders were crucially involved in the formulation of any of the Federal government's economic policies, including the indigenisation Decrees.

In summary of this chapter, it can be concluded that, historically, labour has been spurred by both political and economic considerations to agitate for the Nigerianisation of personnel and indigenisation of foreign owned enterprises. After the implementation of the indigenisation Decrees in the 1970s, union leaders realised that the economy had been indigenised largely for the benefit of the private businessmen, who have not proven to be accommodative towards labour's demands. In turn labour has tended to regard the indigenous businessmen as new domestic "exploiters", and, if anything, has stiffened its latent antagonism in the conduct of industrial relations.

The increased participation of the State in the economy which indigenisation inevitably produced, increased the concern of the government to control labour unrest in various ways. In an attempt to create industrial peace, the Industrial Panel of 1976 introduced a very modest egalitarian provision into the 1977 NEPD, requiring 10% equity shares of any affected enterprise to be sold to the employees. However, the 10% equity scheme has not been implemented, inspite of the Udoji salary and wages increases.

The NPF could be turned into a viable vehicle for future worker participation in indigenisation. The NLC which so far has been a

rather inactive and ineffectual body, could be recommended to campaign for this proposal concerning the NFF and cause it to be taken into account by the government, especially in regard to any future indigenisation exercise.

Notes and References

Chapter 6

1. On September 30th 1941, M. Imoudu led 3,000 railway workers in protest demonstration from Loco Workshop, Yaba, Lagos to Government House, Race Course.
On 23/1/43 Imoudu was summarily dismissed from the service of Nigeria Railways. On the same day he was detained under Nigeria General Defence Regulations of 1941. However, on June 2nd 1945, Imoudu was released from detention to a reception of over 50,000 people.
2. Dr. T.M. Yesufu - Minority Report p. 62-69 Report of the Commission on the Review of Wages, Salary and Conditions of Service of the Junior Employees of the Government of Federation and in Private Establishments 1963-64. Federal Republic of Nigeria, Ministry of Information, 1964.
3. See The Times (London), July 1959.
4. National Economic Council, August 1959, Economic Survey of Nigeria 1959, p. 13.
5. Ibid. p. 51.
6. National Manpower Board Preliminary Report 1963 p. 7.
7. Ibid. p. 8.
8. Diejomaoh, V. - "The Structure and Nature of Nigeria's Manpower Resources" - in Management in Nigeria June/July 1977, p. 27.
9. Aluko, A. - "Nigeria: The issue of States" in Africa No. 43 March 1975, p. 18.

10. Quoted from S.M. Yar'Adua, Chief of Staff Supreme Headquarters, Lagos - an address delivered to the Conference of Nigerian Management Institute, September 1976.
11. See Government's views on the Report of the Industrial Enterprises Panel - Federal Republic of Nigeria 1976.
12. Note: this method encourages enterprises to select those individuals whom the previous owners deem useful to their own interest.
13. NEPB - First Progress Report on Implementation January-October 1977, published by NEPB, Lagos, p. 9.
14. NEPB - Second Progress Report on Implementation November 1977-30th April 1978.
15. NEPB - 1983 Annual (8th) Progress Report on the Implementation of the NEPD 1977, p. 2.
16. In addition, some of the companies occasionally employ extra manual labour on a casual basis.
17. Many of the manual employees maintained that their unions did little to provide concrete assistance.
18. Though not explained, most agreed that unionisation helps.
19. The Guardian (Lagos) 16/12/83.
20. Africa Confidential, October 29th 1971, vol. 12, No. 22, p. 2.
21. New Nigerian (Kaduna) 20/2/78.
22. Daily Times (Lagos) 12/9/77.

23. M. Buba, Chairman, United Bank of Africa - "Annual Statement of Bank business" in The Punch (Lagos) 2/8/82, p. 10.
24. New Africa, November 1982 p. 86.
25. Eshieff, O. - "The Thoughts of Trade Unionist," Daily Times (Lagos) 12/7/76.
26. Statement from NPF office in Daily Times (Lagos) 18/4/83.
27. Odebe, S. - "NPF prospects and problems" in Daily Times (Lagos) 12/4/83, p. 7.
28. This problem is quite common to shareholders who live far away from the business establishment.
29. It is interesting to note that the 1976 Adeosun Industrial Panel recommended that the membership of the NEPB should include among others, the Secretary General of the United Labour Congress, and excluded its left-wing rival, the Nigerian Labour Union Congress (NLUC), which had an almost equal membership.
30. Nigerian Labour Congress - "Nigeria: Not for Sale" - by the Information department, NLC, 1983.
31. West Africa 24/10/83.
32. Ibid.
33. New Nigerian (Kaduna) editorial, 15/4/77.

CHAPTER 7

Industrial Performance Since NEPD Implementation

Now that the NEPDs have been largely implemented, two important questions need to be asked. To what extent has the Nigerian economy been indigenised? Secondly, at what cost in terms of industrial performance has indigenisation taken place? After all, in 1976 the Secretary to the Federal Military government, Mr. Ayida claimed that the standard of services rendered by businesses such as banks and departmental stores in the private sector had fallen.¹ He did not, however, say whether this was solely due to indigenisation. The first question will be treated very briefly and the second at greater length.

It should be recalled from chapter 3 that in 1966, less than 70% of all large industrial firms alone were owned and controlled by foreign investors. Only 3.24% of the Schedule II enterprises were indigenous while Schedule III were dominated by foreign investors before 1977 (see chapter 3). Between 1966 and 1985 considerable ownership indigenisation took place (particularly between 1972 and 1983). Prior to the 1977 NEPD, according to the Daily Times: "the objective of achieving economic independence has only been scratched on the surface. About 60% of the economy still remains in expatriate hands. But they should not remain longer."²

Evidence based on our national sample of firms shows that as of 1985 total Nigerian ownership in 1,701 companies is ₦947,189,000. Other unspecified nationalities hold ₦143,977,000. The table below shows the breakdown of the total volume of capital invested by nationalities in 1,447 companies, in 1985 outside of banking and oil. Those exclusions under-represented capital of US origin and Federal government ownership.

Table I

Breakdown of Capital Invested (1985)

<u>COUNTRY</u>	<u>NO. OF COMPANIES</u>	<u>CAPITAL (N)</u>
Nigeria	1,701	947,189,000
British	494	297,988,000
US	99	87,293,000
French	59	48,490,000
W. German	79	46,495,000
Italian	79	26,784,000
Lebanese	128	23,086,000
Indian	144	33,156,000
Syrian	26	9,229,000
Egyptian	6	377,000
Sudanese	7	2,572,000
Ethiopian	3	1,110,000
Chadian	1	20,000
Kenyan	1	9,000
Niger	1	205,000
Others	325	143,977,000
<u>TOTAL</u>	<u>1,447</u>	<u>720,791,000</u>

Source: Compiled from data provided by NEP⁶.

Progress towards indigenous ownership in the North of Nigeria has been made, but there are still 189 enterprises with dominant foreign proprietary interest under the Kano zone, according to official reports. One hundred and thirty of these are in Kano, 33 in Kaduna, 12 in Maiduguri and 14 in Jos. Fifty two of the 189 enterprises are under Schedule III and the rest are under Schedule II.

In considering the second question about industrial performance, it must be emphasised that there have been no government reports or

other detailed official studies of the impact of indigenisation on the performance of the economy and on consumers in particular. Nevertheless, suggestions can still be made about how to register improvement in the performance of indigenised firms, for they have frequently been publicly criticised. The government should appoint its own commission to undertake a comprehensive study of the indigenised firms, and make recommendations where necessary. If need be it must create a permanent division within the NEPB to monitor the efficiency levels of indigenised firms and to identify problems on a regular basis.

(i) Method of Assessing Performance

Given the poor quality of official information available, it is difficult to make a comparison between pre- and post-indigenisation levels of performance, and between partly foreign and wholly indigenised concerns. The criteria of good performance is itself somewhat difficult to define although it must take into account levels of output and quality of output as well as unit costs of production. Expressed consumer satisfaction and dissatisfaction can be a useful surrogate indicator, especially given the absence of reliable data on the companies' financial returns. The performance of indigenised firms must not be judged merely in terms of profitability to the owner. In the context of indigenisation these firms were supposed to facilitate the wider aim of attaining "economic independence" for the country. That may be defined as the economy's ability to produce sufficient goods and services efficiently, and in a manner that requires a reduced dependence on foreign capital.

In what ways could these national policy objectives be incorporated into the immediate goals of the indigenised firms? Has the indigenisation exercise been able to prove that lack of indigenous ownership in the past was the major constraint on achieving economic

independence? These are important questions which should be answered. Undoubtedly, the indigenisation of ownership in Nigeria was not only intended to achieve the broader aims of national "economic independence", but was conceived by many to be a valuable private end in itself. Moreover the push for economic independence through taking over ownership in a developing country like Nigeria might well entail a trade-off, at least in the short-term, with economic efficiency and industrial performance. The excessive emphasis in the Decrees on simply ownership, did in fact make the other broad policy objectives of indigenisation less attainable for the immediate future. Additional measures designed to keep up the efficiency and the performance of the indigenised firms, as well as the issuing of strong guidelines to foreign capital with a view to securing control, are going to be necessary if the Decree's broader aims are to stand any chance of being achieved.

Most of the indigenised enterprises have failed to progress either in terms of the volume of goods and services produced and export performance or in terms of apparent domestic consumer satisfaction. Moreover the production of consumer items is still sustained by the continued importation of raw material, although this is a fairly common pattern in the early stages of import-substituting industrialisation in any developing country.

The acceptable performance differential between indigenous and expatriate firms, and the period that is to be given to indigenous firms to catch up to the levels of the expatriate firms, need to be considered in any assessment of the indigenisation that has occurred in Nigeria to date. If within a period of five to ten years from indigenisation a firm still shows signs of gross inefficiency, then the continued existence of the firm under private indigenous ownership might have to be re-examined and new conditions laid down so as to,

for instance, improve the quality of products and/or services within the framework of a new ownership structure. However, regardless of the amount of finance which may then be made available to improve indigenous entrepreneurship and efficiency, if the levels of commitment, initiative and willingness for learning and honesty and integrity remain as low as they have seemed to be in the past, then economic independence and self-reliance for the nation will remain a very long way away.

The limited information available points to the fact that, since the indigenisation Decree, the standard and quality of services and products have deteriorated considerably. The rate of decline in efficiency varies from enterprise to enterprise. Occasionally the government has taken measures to improve standards in its own holdings. For example, catering hotel business is classified under Schedule I and during early 1983 the government reintroduced management personnel from British Caledonian Hotels to run the Federal government-owned Federal Palace in Lagos, at an annual fee of ₦400,000. This is merely one instance of a failure by government to manage indigenised firms properly and provide a reasonable level of performance.³

Downward trends in efficiency are partly responsible for the rampant smuggling into the country of goods such as textile materials and footwear which are supposed to be produced in Nigeria. The apparent explosion in smuggling in recent years has been precipitated partly because made-in-Nigeria products have become very poor in quality, or are produced in insufficient quantities. Inadequate production and poor quality are in themselves manifestations of inefficiency in indigenised firms. It was a recognition of downward trends in efficiency that partly led to amendments being made to the 1977 NEPD in 1981. The civilian administration of President Shehu Shagari moved some enterprises from Schedule I to Schedule II and some from Schedule II to III.

The officially stated reason was to improve efficiency. This acknowledgement has led commentators in Nigeria to speculate how far the government would be prepared to see performance deteriorate before it reversed the indigenisation Decrees completely. Of course the general economic climate in Nigeria has changed since the heady days of the oil boom in the 1970s. The government now can no longer afford to maintain the position of the Obasanjo administration, which stated, in the budget speech of 1979, that "the main springboard of the indigenisation was political", implying that the acceptable economic price could be high. That administration of Obasanjo was at least aware of the likely negative consequences of indigenisation for the immediate performance of expatriate-owned firms, but seemed prepared by and large to discount them in the light of the political and supposed long-term economic advantages.

The idea of a continuing partnership between indigenes and foreigners becomes increasingly attractive with a growth in the belief that the lower is the allowable extent of expatriate participation, the less will be the efficiency of indigenised firms. Indeed, the government in recent years has already started to take steps to relax the indigenisation Decree, by permitting increased foreign capital participation in certain restricted areas (see Section iv below). Whether or not these steps will be sufficient remains to be seen. All that can be done here is to assess the degree of attainment of the goals stated by the government so far in a few selected cases, and this requires an examination of some of the enterprises now operated by indigenes wholly or in majority Nigerian partnership. Many factors, such as knowledge of the enterprises, experience, and the stage in which the enterprise has been passed on to new owners will have to be taken into account in any comparison with foreign ownership and expatriate-owned firms.

(ii) The Service Sector

Under the 1972 Decree there are eleven types of service sector enterprises in Schedule I and ten in Schedule II. With the exception of construction industries and poultry farming, which have their own classification, all the rest are classified under manufacturing industries.

Schedule I service enterprises under 1972 Decree are: Advertising agencies and public relations business, all aspects of pool betting business and lotteries, casinos and gaming centres, cinemas and other places of entertainment, clearing and forwarding agencies, manufacturing of jewellery, hairdressing, haulage of goods by road, laundry and dry cleaning, municipal bus services and taxis, radio and television broadcasting, retail trade (except by or within the departmental stores and supermarkets).

The service sector enterprises listed under Schedule II of the above Decree (1972) are: Coastal and inland waterways shipping, departmental stores and supermarkets, distribution agencies for machines and technical equipment, distribution servicing of motor vehicles, tractors and spare parts thereof or other similar objects, estate agencies, internal air transport (Schedule and Chartered services), passenger bus services (inter-State), shipping, travel agencies and wholesale distribution.

Before the 1972 Decree there was a significant amount of foreign capital in the service sector of the economy. Such enterprises as Leventis Stores and Challarams had a very high profile in the market place. Because of the 1972 Decree most service sector businesses were officially restricted to Nigerians only. In doing so some Schedule I enterprises went into voluntary liquidation, others were transferred to Nigerian firms. Yet others were sold to state governments, and some continued to operate without complying with the Decree. The

amount of capital involved in individual service businesses is small compared to the manufacturing.

In the service sector, the Nigerian Ports Authority (NPA) supplies some interesting evidence of the inadequacy of the indigenous public capacity to run enterprises ^{that} there were affected by the Decree.

RORO (Roll on Roll off operation) Terminal Company (RTC) was awarded a contract by NPA in May 1979 to handle cargo and carriers at the ports. The contract was due to expire in April 1984. The five year contract was intended to enable Nigerians to learn from RTC's specialised skills in modern cargo handling and be in a position to take over at the end of the contract. However, the evidence to date indicates that the Nigerian employees have neither the equipment nor the skills to warrant termination of contract with RTC, and officials of NPA argued accordingly for the renewal of the contract with RTC.

The contract with RTC stipulated that RTC was obliged to use NPA's stevedoring contractors for any manual labour performed either on board the vessels or on the quayside of the port. Furthermore, RTC is obliged to undertake the training of Nigerian officers on contract bases if required by NPA.

However, there is another vested interest in this industry other than NPA and RTC. The unionised labour force of the ports argue that the renewal of the contract is not in the interest of the unions. The NPA workers union campaigned to prevent the renewal of the contract with RTC. In the classic pattern of struggle against foreign capital, it urged the NPA to end the contract in order to "create jobs for Nigerians and also give meaning to the national policy on self-reliance".⁴ However the situation was even more complex. For within the ports labour unions, some unions that work under RTC objected to the terminating of the contract because, they claimed, most of the RTC workers are Nigerians, and RTC should be allowed to operate owing to

its superior equipment. Hence indigenisation in this case opened up, rather than terminated disagreements over the involvement of foreign enterprise.

The indigenes in the clearing and forwarding business, which is another service sector industry, feel that the indigenisation provisions did not protect domestic private interest in this area because they continue to provide opportunities for foreign participation. Although initially the clearing and forwarding business was 100% reserved for Nigerians under the 1972 Decree, this sector was shifted to Schedule II in the 1977 Decree, thereby allowing 40% foreign participation. Even with the 40% restriction, foreign clearing and forwarding agencies remain dominant. Such agencies like Umarco, Palmline and Panalpina undertake most of the clearing and forwarding jobs, for the large foreign multi-national firms are themselves recipients of major government contracts. Each foreign-owned clearing and forwarding agency mainly receives the contract from companies of the same country of origin. For example Panalpina clears imports of German firms, Umarco, those of French firms and Palmline for British firms. The conflict between the requirements of efficiency and the chief aim of indigenisation is particularly salient in this case, especially since shipping lines remained in Schedule III under the 1977 Decree, whereas forwarding and clearing were put into Schedule II. The business of the two activities is clearly interdependent - forwarding and clearing is an appendage of the shipping lines. Where there are indigenous forwarding and clearing firms, it is unlikely that foreign shipping lines would sub-contract with them if there are companies of the same country of origin to go to.

The country's high imports in the past few years have been lucrative to forwarding and clearing firms. Nevertheless it is necessary to maintain the sector under Schedule II because there is no comparable

indigenous capacity. If forwarding and clearing enterprise were moved back to Schedule I, shipping operations could be severely disrupted.

Needless to say, some indigenous businessmen have called on the government to re-classify clearing and forwarding agency under Schedule I of the 1977 Decree, the call being motivated by their own exclusion from the full benefits of the sector. Mr. Emeka Johnson, the Managing Director of an indigenous clearing and forwarding firm, Emek's International Agencies Ltd. requested the Federal government to reclassify the industry so as to conserve foreign exchanges in 1982.

With respect to further activity associated with the crucial ability to physically handle trade, the A. Ayida report on the reorganisation of dock labour industry in Nigerian ports (1969) set out the criteria for selecting contractors by the authorities in the dock industry.⁵ These criteria were stated to be: experience in the cargo handling industry and satisfactory past performance, a good labour relations record, including proof that all payments due to the workers in respect of wages, National Provident Fund (NPF) contributions have been regularly paid; evidence of competent management, technical and supervisory staff; and proof of adequate financial resources.

Indigenous and indigenised firms have not yet attained these qualities in the 1980s and hence foreign ship owners have preferred to contract with the experienced and well-equipped foreign firms in the dock industry. In any case, the shipping companies were given the discretion to select alternative contractors who would be acceptable to them as stevedores. Since most indigenous firms have failed to meet the laid-down criteria, the shipping companies are impelled to select from among foreign firms.

The Ayida report acknowledged that Nigerian businessmen were not equipped to provide berthing facilities for ships in some of the ports. This has been borne out since indigenisation, and, moreover, the

private indigenous sector has not shown an inclination to enter this sector on its own.⁶

Shipping line business comes under Schedule II of the 1972 NEPD and had in the past been predominantly foreign. The Nigerian Far East Line was one of the first privately owned indigenous shipping companies, launched in the early 1970s by Henry Stephen Fajemirokun to carry agricultural commodities to the Far East, in particular Japan, and bring back in return manufactured goods. There are other private Nigerians who have entered the business more recently. It seems however unlikely that the ownership of ships by indigenes can improve the position of indigenous forwarding and clearing firms, without loss of cargo handling efficiency at the ports.

The international shipping business is representative of one sector that is closely related to enterprises of a lower classification. That is to say, the shipping line business, like many others, has a "parasite" industry which is dependent on it and upon which it is itself dependent for its own successful functioning. In this case the parasite is the clearing and forwarding firms, which are classified under a different Schedule (II). The function of the one is necessary for the survival of the other - adequate performance by clearing and forwarding is essential to the health of the shipping industry.

Between 1978 and 1983 the Nigerian government incurred about N7.11 billion payments in foreign exchange to foreign owned shipping companies. This is largely due to low indigenous participation in the shipping sector. This amount represented 86% of the total freight bills and shipment charges paid by Nigeria to facilitate international and domestic sea borne trade in that period. Out of the freight bills and related charges of N1,662 million annually paid by Nigeria for shipping services its national carriers earned only N240 million. Foreign interests therefore remained easily dominant in the marine

and related businesses. To encourage private indigenous participation, the Federal Minister of Transport, Althaji U. Dikko set a new shipping policy in 1982, making it "mandatory" for Nigerian flag bearing ships to carry a minimum of 40% of the volume of import and export into and out of Nigeria in accordance with the UNCTAD Shipping Code.⁷

In 1983, both the public owned Nigerian National Shipping Lines (NNSL) and other indigenous private shipping lines owned only 26 vessels as against 6,080 foreign vessels which called at Nigerian Ports annually. These facts were presented by the NPA in 1983. The overall earnings of the National Carriers are minimal compared to earnings of foreign vessels. Only about 11% of the total volume of traffic are carried by the domestic carriers, who earned about 9% of the total revenues paid between 1977/78 and 1979/80. The situation continues to this day in spite of indigenous ownership of about 68% of the total trade traffic of ECOWAS ports and central African sub-regions.

The Ayida Report in 1969 had argued that since shipping companies are inclined to deal directly on a commercial basis with other private companies, it was "impossible" and "unwise" to consider a government cargo handling monopoly. The report therefore urged the nationalisation of the shipping industry first, rather than tackle its "parasite industry" head on.⁹ The indigenisation Decree of 1977 ultimately provided a favourable legal environment for mandatory indigenous participation, not only in the shipping industry but in its appendages too. However, the lesson to be learnt is that previous public policies have made it more difficult to make rapid and effective indigenous in-roads in these other sectors now.

(iii) The Manufacturing Sector

In manufacturing it is quite possible that a Nigerian who buys his way into a firm will have to go through a learning period of

familiarisation with the technicalities of the firm's operations. In the short term at least, problems relating to lack of mastery of the production process can be expected, particularly in the case of the owner-manager-technician who excludes alien participation in the business. On the other hand, an inflow of expatriate expertise - the "synchronisation of government immigration policy with the manpower requirements of indigenous firms", suggested by O. Diatchavbe¹⁰, would place a greater strain on the country's foreign exchange reserves. Hence it is better to leave the expatriates who are already present to operate in partnership with Nigerians, while the latter are apprenticed to the business. New expatriates would very likely be more expensive to employ and they may lack the local experience of the expatriates who are already present.

Setting aside ideological questions about the desirability (or not) of encouraging specifically private enterprise, a rational approach would be to select individual Nigerian businessmen on the basis of experience and line of business, and attach them to alien firms in a similar area. The government should have been far more careful and helpful in adopting this sort of approach, to ensure a smooth transfer without later loss of efficiency. For in the case of manufacturing, the performance of the indigenised industries has in practice been very poor. Both the Minister of Industries, Alhaji Akanbi and the Governor of the Central Bank of Nigeria (CBN), Alhaji A. Ahmed, have publicly admitted "that given the scale of government patronage and the country's sacrifices, too little benefit was being derived from the manufacturing sector."¹¹ For the 5% contribution it makes to the GDP, the manufacturing sector accounts for a quarter of all foreign exchange outflow.¹²

In 1980, 2,588.4 million Naira worth of foreign exchange was transferred abroad for industrial raw material. In the same year,

total return in finished goods amounted to only ₦2,244.8 million. In the following year, 1981 the manufacturers' share of foreign exchange was ₦2,931 million approved for purchase of raw material and the total output for the year amounted to ₦2,508.4 million. Although manufacturers argue that local raw materials are more expensive than imported ones, there are further discrepancies in the allocation of foreign exchange to indigenous firms. Often the value of the total output of an indigenised firm is less than the total amount of foreign exchange it receives, thus contributing to the foreign exchange outflow without any equivalent net value added in return.¹³ The inefficient utilisation of foreign exchange led to the establishment of new criteria of allocation in 1984, to become effective in 1985. The Ministry of Commerce and Industry set as a condition, "the proof of payment of excise duty and the amount of value added by manufacturers" before approving import licence applications.

Industrialisation which is confined to assembly plants and processing is bound to lead to a situation where only the importation of raw materials, spare parts and capital goods can sustain continuous industrial activity. This lesson has become increasingly obvious in Nigeria, and a fresh look at the industrialisation policy began in official circles in the 1980s. Indeed, the government's Stabilization Act (1982), widely received at the time as an "austerity measure", was intended to cut down on the imports of some consumer and industrial essentials and increase the domestic value added to industrial products. For at the end of 1970 few indigenous industries relied on domestic sources for their imports. In the author's survey of the Kano zone in 1985 about two thirds of the 145 companies still indicated foreign countries as the source of their industrial raw materials.

The government first started to pay some attention to "resource based" domestic inputs after 1975, with a view to reducing foreign

exchange requirements, and by 1980 it also began to realise that domestic industries must relate to each other. The Federal Minister of Industries, Alhaji Adamu Ciroma in 1980, suggested that groups of enterprises producing raw materials and those needing such raw materials be linked by a system of "purchase/supply agreement". For our purpose here the sugar and alcohol brewing industries are chosen to illustrate the lack of inter-industry linkages and its consequences. Other problems in the manufacturing sector since the indigenisation Decrees are illustrated by a survey of the furniture industry.

The underlying assumption in the choice is that if indigenisation affects the sugar industry, then industries such as brewing, bakeries and dairy products which depend on sugar as an input would be similarly affected.

In the case of sugar, the Federal government has undertaken to develop the industry itself ever since 1970, owing to the failure of the private sector to invest in sugar production. Neither the private indigenous nor foreign investors have been keen to invest, even though it was they who needed sugar the most, for their perishable consumer goods. Examples are brewing and soft drinks, dairy products and bakeries, these three being classified as Schedule I industries in the 1972 indigenisation Decree. Sugar plantation processing was classified as Schedule II under the 1977 NEPD.

The reluctance on the part of the private sector to invest in the sugar industry may be attributed partly to the capital intensity of the industry, particularly the processing part, and partly to problems with the weather conditions required for the growth of sugar. Investment in sugar also requires a long gestation period before the returns start to flow. The other part of the problem is to do with the relative cheapness of the price of sugar in the world market, which encourages importation, especially when there is a world surplus

of sugar, as occurred in for example 1983/84.¹⁴ Moreover, many of the foreign investors in sugar-related industries prefer to purchase the material from the parent company overseas, rather than develop alternative domestic sources.

In an attempt to reduce importation and meet consumer demands, the Federal government has invested in at least three integrated sugar projects. Savannah Sugar project, with a total equity capital of N65 million, was developed by the Federal government with 70% of the equity shares. This project has a production capacity of 100,000 metric tonnes of sugar per annum. By the time Savannah started operations in 1981, its total equity capital was about N280 million.

The second project is the Sunti Sugar with equity capital of N164 million, and in this project the Federal government has 85% ownership. The production capacity is also 100,000 metric tonnes of sugar per annum. The commissioning of production is not yet underway. The third project is at Lafiagi in Kwara State. The total equity capital is N55 million, and the Federal government holds 90% of the equity shares. Production capacity has been estimated at 70,000 metric tonnes of sugar per annum. In addition to those projects, the Federal government has also invested abroad in partnership with foreign interests, in Swaziland and Benin Republic.

Nigeria's requirement for sugar in 1983 was estimated at about 750,000 metric tonnes per year. But the recorded local production amounted to only 40,000 metric tonnes per annum.¹⁵ To improve the supply of sugar, the Federal government further acquired 19.7% of the Nigerian Sugar Company Limited, at Bacita, Kwara State which has a total investment of N10 million. The capacity of the company was 323,000 tonnes in 1979/80. This company operated at a loss due to poor yield per hectare of crops and to having to compete with imports of cheap sugar.

Even at maximum production capacity, the three sugar projects (excluding Bacita) can only cater for 40% of current Nigerian demand. This is the state of the sugar industry in Nigeria since indigenisation. What can the government do to increase private sector participation which remains so noticeably absent? Relaxing the NEPD is one option. An alternative option - restriction of sugar imports so as to stimulate private interest in domestic sugar production - could have severe consequences for those industries that depend on sugar as a raw material. It is in order to avoid a total collapse of sugar-related industries that sugar has continued to be imported. By allowing increased foreign investment in the domestic production of sugar, private Nigerian partners might in time be induced to undertake domestic production of sugar.

The Schedule II classification of the 1977 NEPD failed to take account of the complex relationship between the two activities of growing and processing sugar let alone the connections between these two activities and the sugar using industries. Processing is relatively capital intensive, while growing sugar is labour intensive and could quite appropriately be classified under Schedule I or Schedule II, depending on the amount to be invested. In 1981, the sugar plantation and processing industry was reclassified from Schedule II to Schedule III. The shift might not have been motivated by difficulties peculiar to sugar, but was instead part of a general attempt to boost food and cash crop production, under the Shagari government's "green revolution" programme. Nevertheless the change may improve the foreign exchange position of those industries that use sugar, if caution is taken to prevent the foreign exchange cost of the new agricultural partnership exceeding the cost of imported sugar.

We now turn to the brewing industry as one of the major users of sugar.

In 1980 there were about 14 major brewery companies spread across Nigeria with a total capacity of 6,000,000 hecto litres. In 1982 four additional breweries were established, with French capital being dominant among the foreign partners. These included the Africana Brewery at Ibadan, 40% owned by the French (Freres and Castel) and 40% by Oyo state investment and credit corporations, and the International Beer and Beverage Industries at Kaduna, 60% owned by various French firms. The French also invested in the Golden Guineas Brewery Limited (GGBL), through breweries of Ijebu Ode, which is 60% owned by the Leventis Group.¹⁶

In 1983 there were 27 breweries operating with some public capital investment. Although the Federal government participates in the brewery industry, the extent of its involvement is not as high as in the sugar industry, and is chiefly restricted to two firms: The Nigeria Yeast and Alcohol Manufacturing Company at Bacita, Kwara State, and North Brewery Ltd., Kano. In addition there is also the West African distillers (Spirits and Wine) Ltd., Ikeja which is wholly owned by Federal government with a total capital of N2 million.

Under the 1972 Decree, beer brewing was classified a Schedule II enterprise, and it remained so under the 1977 Decree along with canning and preserving fruits and vegetables. The brewery industry is a net user of imported raw materials and equipments. Prior to the Decree foreign capital was dominant in the brewery industries. "The . . . correlation between foreign private ownership and net foreign exchange use in the manufacturing sector implied that foreign ownership encouraged input purchases from parent companies abroad . . ."¹⁷ Ten years after the 1972 NEPD, the bulk of raw materials for the brewery industries were still imported. Nigerian Breweries Ltd. (NBL) and Guinness Nigeria Ltd. have however invested around N700,000 in the farming of barley, in partnership with Dutch agronomists.¹⁸

It is apparent from an examination of the problems of the sugar and sugar-related industries that the close interdependence of the different types of industry is important for the successful implementation of the main objectives of indigenisation, and that lack of interest among Nigerian businessmen in creating domestic sources of raw materials is a major obstacle. The manufacturing sector displays additional problems, as can be revealed by examining the furniture industry. Two cases in this instance suffice, namely the "Abdu Dutse Furniture works"¹⁹ and the El-Darado furniture factory.

The 1972 NEPD classified furniture manufacture under Schedule I unless the foreign equity capital was £(N)200,000 or more. At the time of the Decree the industry was dominated by expatriates. After the Decree, the domestic capacity was clearly inadequate to satisfy the consumer demand, and this led to the persistent covert importation of furniture by aliens. One suggestion made at the time to transcend this problem was the imposition of heavy duties on furniture imports²⁰, but this would have benefited the foreign owned manufacturers who were still in the country. A further drawback of such protection is that foreign owned firms are reluctant to develop domestic sources of raw material.

A major weakness with the local small-scale furniture manufacturing firms is lack of capital and inadequate expertise to repair and maintain equipments. The case of Abdu Dutse furniture shows that one way to solve the problem was for the Federal government to provide financial assistance to the private furniture industries and to finance some training schemes. Abdu Dutse Cabinet Company was established eight years before the 1972 Decree and yet continued to lack capital and skilled manpower. The Kano state government provided a loan of £3,600 before the Decree, which enabled the firm to buy new equipments. The firm was convinced that the success of furniture stores after 1974

was dependent on government financial assistance.

The author's interview with the manager of El-Darado furniture factory, Maiduguri (100% indigenous owned) in 1983 forms the second case. The company was set up in 1972 by a professional carpenter from Anambra State. Two of its factories were established at Maiduguri (headquarters) and Yola. Prior to 1983, the company had employed 25 people, but owing to the state of the national economy it had retrenched to 15 employees by early 1983.

The interview provided the following information concerning the difficulties of the firm. The manager disclosed that due to financial problems the firm applied to the NBCI for a loan of N300,000 as far back as 1978. Up to the time of the interview, the loan request had not been granted, largely because the total investment of the firm in capital goods and cash was below the required minimum amount, at N100,000. The company had not attempted to obtain loans from alternative sources such as the commercial banks.

The second problem revealed, concerns inadequate spare parts and skill. It is worth noting first of all, that the manager was not aware of the indigenisation programme! When the purpose of it was made known to him, he acknowledged that the idea of it was good but specifically insisted on the necessity of a partnership between foreign and domestic capital, so as to ensure adequate know-how and equipment.

There already was an agreement between El-Darado and a Lebanese company, Daltrade, based in Kano to help overcome the El-Darado's limited access to spare parts and skills. Daltrade supplies El-Darado with machines and parts, and accordingly any machine failure is referred to Daltrade. The important points to note here are first, there is no training scheme in El-Darado to substitute Daltrade Engineers, and, secondly, the status of a connection such as that between El-Darado

and Daltrade, owned by Lebanese, is not made at all clear by the general provisions of the NEPD. Such an arrangement calls for clarification under the NEPD.

(iv) Recent Trends in Indigenisation

By 1980 enthusiasm for indigenisation was on the wane, and the initial momentum had subsided somewhat, although the commitment remained strong in some circles, particularly professional bodies. In 1980/83, a civilian regime embarked on a pragmatic approach which coincided with its party political manifesto.

Soon after the expiry of the 1977 NEPD deadline in December 1978, dissatisfaction over the state of the economy had begun to be voiced in many quarters. Politicians and large indigenous enterprises argued that the NEPD should be relaxed, while others proposed that there be no further indigenisation measures, at least for the time being. In 1983, Senator O. Saraki of the ruling party, National Party of Nigeria, (NPN) actually contemplated tabling a bill to amend the Nigerian Enterprises Promotion Act in order to encourage free enterprise in Nigeria. According to Senator Saraki, contrary to expectations, free enterprise had been stifled rather than encouraged since the launching of the Decree in 1972.²¹

The verdict pronounced by a long-term supporter of the indigenisation Decree, Chief O. Awolowo, leader of the Unity Party of Nigeria (UPN), was also gloomy:

"Manufacturing activities have declined to the point of near-paralysis. We proclaim, with our lips, indigenisation of industries and the promotion of import-substituting ventures. Yet, we have banned raw materials and spare parts. These are either not produced, or are insufficiently produced, locally and are, at the same time, indispensable to the growth and survival of our infant industries. Besides, our industries are seriously debilitated because of lack or inadequacy of infrastructure."²²

Although the speech should be understood as a piece of electioneering

in the presidential electoral campaign of 1983, it was also a highly plausible admission that things have not gone well since the indigenisation Decree. Members of the private business sector are equally well aware of the shortcomings of Nigeria's indigenisation programme. For instance Mr. A.C.I. Mbanefo, a management consultant noted: "that in spite of the indigenisation Act . . . we have never been in any position as a nation to dictate the direction we wished to move in establishing our economic base."²³

Individuals and some organised business groups such as MAN have for a long time lobbied various government committees on the economy to make it legally possible for affected foreign capital to be invested in other foreign firms. Although legislation to this effect did not emerge until 1985, the National Party of Nigeria's manifesto on foreign investment, which was drawn up for the return to civilian rule in 1979, was implemented in 1982 and allowed 49% foreign participation in Schedule II enterprises of the 1977 NEPD which had previously restricted foreign capital to 40%.

Further measure was taken to re-foreignise the economy in 1985. The 1985 Federal government budget also decided to permit reinvestment of remittable dividends, provided such investments are in entirely a new company. Thus the older companies wishing to invest further, are permitted to do so provided they import half of the new investment capital. In the light of general economic difficulties experienced since indigenisation and the decline of oil revenues, the NEPB in 1984 recommended to the government the creation of Schedule IV under the 1977 NEPD.²⁴ Schedule IV would require a minimum of 20% indigenous equity participation, and nominated sugar plantation and processing, fish and shrimps trawling and processing, integrated agriculture production and processing including establishment of feed mills, large breeding production and distribution of improved seeds of crops,

fish, livestock and poultry products, agricultural land clearing and land development companies, agro-aviation companies for control of animal and crop pests and diseases, hiring and/or servicing of farm equipment and machineries, manufacture of dairy products, butter, cheese, milk products. Also included were the manufacture of tyres and tubes for bicycles, motor-cycles and motor vehicles and pulp and paper mills, to be reallocated from their original classification under Schedule II. The report pointed out that in spite of the attempts since 1978 to increase foreign investment in integrated agricultural production and processing, total investment in this area remained low. It was the indigenous business sector's lack of interest in agricultural investment that led the Shagari government to shift agro-industries from Schedule II of the 1977 NEPD to Schedule III in 1981. The large and expanding population of the country (probable annual rate of growth around 2.5%) requires a substantial growth in large-mechanised farms. But since Nigeria has been slow to adopt new methods of farming, it has become necessary to make special provision for attracting foreign capital to agriculture in the hope that Nigerians would participate in joint ownership. However, the indications are that private Nigerian business interest in new agro-related enterprises remains low.

Both the government and foreign investors appreciate the importance of joint ventures in maintaining and improving levels of efficiency and transferring entrepreneurial know-how and technology. Foreign investors play upon this by warning the government against subjecting them to too much control and restriction. "What tends to frighten off investment", Count Lambsdorff, the West German Economic Minister, was reported as having said to an African audience in 1982,

"is the effort by developing countries to extract the maximum advantage for their own countries from the activities of foreign companies, leading

in some countries to a system whereby foreign investment is regulated and subjected to control. Long drawn out bureaucratic processes, a lack of clarity and frequent changes in the law and in administrative practice, excessive restrictions and performance requirements are not the correct basis for ensuring the best possible economic cooperation."²⁵

In the case of Nigeria, all the indications now are that Lambsdorff's message is being taken to heart, and that further changes will be made in the law to the advantage of foreign capital, as the economy continues to be depressed and the level of oil revenues disappoints.

The Schedule IV recommendation of the Board in 1984 has not yet been acted on, but as evidence of a weakening of the official commitment to indigenisation we can refer to the re-classification of enterprises in 1981. Mallam Adamu Ciroma, the Minister of Finance, announced in 1981 some rescheduling of the enterprises under NEPD 1977. This re-classification could be interpreted as a first step towards de-indigenisation.²⁶ Certain enterprises hitherto designated exclusively for Nigerians were to become 40% open to foreign participation, while some in Schedule II were in the future to allow 60% foreign participation. The policy of "vesting the commanding heights of our economy in the hands of Nigerians officially remained unchanged."²⁷ The companies in Schedule II that were affected by the changes are: companies producing metal containers, fertilizers and cement, and, not surprising given our previous account, sugar plantations and processing, and agricultural plantations for cash crops. The Minister of Industry also relaxed the total restriction of alien participation in the manufacture of jewellery and clothes, clock repairing and rice milling.

The reasons behind the reclassifications of enterprises were explained by the Shagari administration, in terms of a need to rejuvenate such industries which had "stagnated" since the Decree. The failure of the industries had exacerbated smuggling. They

required new investment and expertise which could only be drawn from abroad. The Nigerian Enterprises Promotion (alteration of lists of Scheduled Enterprises) order 1981 explained the purpose of the alteration: The shift of enterprises from Schedule I to II was necessitated by lack of indigenous interest, while the shift of enterprises from Schedule II to III was largely due to capital shortage. The downturn in government oil revenues from \$23,405 million in 1980 to a mere \$609 million in August 1981²⁸ has, more than anything else, made the government appreciate once again the vital contribution made by foreign capital investment. The response to the relaxation of the Decree, by foreign capital, was immediate. In 1981 there were well over 300 potential investors who contacted the Ministry of Information, and, in contrast to their earlier attitude, American investors showed keen interest.²⁹

The government also set out to encourage more foreign investment by allowing indigenous firms which had foreign shares to venture into new enterprises. Prior to the 1981 amendment of the 1977 Decree, a company with only majority indigenous participation was considered foreign, for the purpose of new investment. In this regard, even a 60% indigenous owned firm would be entitled to only a minority ownership in any new company it wished to form. The civilian government decided to change all that. As from 1981, it was made permissible for such firms to control new enterprises which they set up. An amendment of the Decree (Act) in 1981 takes into consideration the indigenous holding in the main firm "on a pro-rata basis when the equity is settled for a new company."³⁰

Not only have the original Decrees been modified by the government reclassifying certain enterprises, but also the manner of Nigeria's drive for indigenisation is departing from the previous pattern in other significant ways. The previous unqualified demand for

indigenisation more or less across-the-board, chiefly inspired by governmental initiative, has been changing towards a more selective and discriminating demand issued at the level that is of immediate concern to the particular group of agitators involved. Indigenous professional bodies campaign to get their individual field within the economy indigenised for their own benefit, and trade unions also express demands for indigenisation of the particular enterprise or sector that are of greatest concern to them. This new trend began soon after the 1977 Decree came into effect. The tendency within the organised professions and unions to campaign in one's own sectional interest is evidenced by the many calls to reduce the shareholdings of foreigners in companies in the distributive trade and other service industries.

The Association of Advertising Practitioners in Nigeria (AAPN) is one of many organised bodies which have put pressure on the government for the reclassification of the Advertising business from Schedule II to Schedule I. The Association submitted a separate memorandum to the Federal Commissioner of Trade and Industry, Dr. J.E. Adetoro, earlier in the 1970s putting the case for a classification of the advertising enterprises under Schedule I. In the case of Advertising business, as also in the case of the Engineering Society of Nigeria, the lobbying was successful (1980-1).

The government has its own general criteria upon which decisions can be taken to classify and reclassify enterprises, but the government probably does not always follow those criteria because of private pressure, from the Associations that cater for the interests of the various sectors.

One successful form of sectional lobbying came from the Nigerian Society of Engineers. In 1982, the Nigerian Society of Engineers encouraged the formation of a bill for deliberation by the National

Assembly. The idea of the bill was to ensure that certain types of construction contracts be reserved "strictly for Nigerians."³¹

However the relatively poor performance of wholly indigenous firms has been so obvious that even the President of the Nigerian Society of Engineers (NSE) went so far as to acknowledge the reluctance of indigenous contract-awarding establishments to use the indigenous engineering companies. The determination of the NSE was expressed by the outgoing President, Mr. Philip Bolude:

"We will continue to educate and lobby so that we can have a law in the Nigerian Enterprises Promotion Act which will stipulate that certain industries, certain businesses must be sold hundred percent to Nigerians . . . The engineers now say certain jobs must be reserved exclusively for Nigerians."³²

The main objectives of the NSE's campaign has been to prohibit the exclusive award of even the most complex jobs to expatriate firms. It has couched the presentation of the argument in terms of "national security", as was also the case in the demand for participation by the private sector in the oil industry and in the nationalisation of Nigerian External Telecommunication in October 1972.

The Council of Registered Engineers of Nigeria (COREN) proposed the restriction of the period that expatriate engineers should be allowed to operate in Nigeria to three years. To widen the scope of opportunities to its own members, the Council requested that all contract-awarding government agencies and private firms refer to them for screening and recommendation all expatriate engineers which they wished to employ.³³

Thus, the government-inspired indigenisation of ownership in manufacturing and some service industries, which was introduced by the 1972 and 1977 Decrees, has now been succeeded by group lobbying for further indigenisation in the professions. Such bodies as the

Council of Registered Engineers of Nigeria have not only demanded the restriction of the operation time of expatriate professionals, but also advocated the banning of further foreign personnel. Moreover, the Council emphasised that the Federal Ministry of Works should not register any contracting firm in certain categories ('C' and 'D') unless it has at least two COREN engineers, technicians or craftsmen in its senior management payroll.

Like the Advertising Association and the Nigerian Society of Engineers, another professional association, The Association of National Accountants of Nigeria (ANAN), has also been active in lobbying, and is now urging the Federal Military government to amend the Companies Act of 1968 so as to make it "Mandatory for any company with an annual turnover of more than ₦1 million to employ an internal Auditor." The Association called for legislation to ensure that at least 20% of the members of the Board of any company were its workers.³⁴

The Institute of Management Consultants (IMC) has also been attempting to get the government to regulate, either by means of a new Decree or by an amendment to the existing Decree, activities of management consultants and users of their service. The Institute is aware of an official predisposition to use indigenous consultants, but has noted that the government has so far failed to "establish a clearing house to scrutinise requests for use of foreign consultants." The Institute hopes to create a government-supported institution - The Council of Registered Management Consultants of Nigeria (CORMACON) authorised to control access by outsiders, specifically foreigners, to the consultancy business.³⁵

The new trend which, then, is clearly in evidence in recent years, is for agitation for the selective restriction of foreign capital to be mounted by group interests for the benefit of the members of relevant Nigerian professional bodies. The earlier more general

agitation for restricting all kinds of foreign capital has come to be re-focused on limited areas involving individual types of foreign firms. This type of agitation appears to be achieving some success, as has been reported particularly in the field of engineering.

Although NEPD allows unqualified investment by foreign investors in Schedules II and III once the indigenous equity ownership requirement is fulfilled, there is now a special provision for engineering consultancy (which comes under Schedule II). The Council of Registered Engineers of Nigeria (COREN) requires that sponsors and six directors of engineering consultancy firms must have engineering qualifications registerable with COREN. This provision is designed to restrict expatriates with outside qualifications, and thus open the way for promotion of Nigerians. This was revealed by the Permanent Secretary, Ministry of Internal Affairs, Mr. G.A. Nwanze in an address given to the Manufacturing Association of Nigeria (MAN) on the 27/8/81.³⁶

Indigenisation policy has in practice become a convenient tool for the explicit promotion of sectional interests. This recent development should be taken into account when assessing the significance of the government's re-classification of enterprises to less restrictive schedules, which has owed a great deal to national economic and external financial difficulties. Alhaji U. Abdul Mutallab, Managing Director and Chief Executive of United Bank of Africa Ltd. prescribes: "Within the constraint stipulated by the Nigerian Enterprises Promotion Act, we must aggressively seek foreign direct equity investments as a comparatively cheap source of finance . . ."³⁷ At the same time he implied that Nigeria should be "suspicious" of dependence on foreign investment, because of "past exploitation"!

The choice, then, seems to be between two perceived evils - foreign corporate ownership of the economy on the one side, and on the other, financial indebtedness to foreign commercial banks and,

ultimately in times of weakness in the oil market, bondage to the IMF. Having partially indigenised the economy, Nigeria increased its external borrowing between 1978 and 1983 to fill the capital gap created by indigenisation. By 1983 the government was having to negotiate with the IMF, and its experience of these negotiations has inevitably raised in the minds of Nigerians the question of whether a reduction of indigenous ownership requirements in some specific manufacturing and agricultural enterprises would not be more acceptable than agreeing in full to the IMF's "humiliating" conditions.

However, history cannot be rewritten. Foreign investors have experienced indigenisation in the 1970s, and any new invitation to foreign enterprise now is bound to be weighed up by potential investors in the light of that past experience. Capital-owners who might come to Nigeria, and those which are already there, will require a guarantee that no further restrictions would be placed on their operations. Furthermore, although some de-indigenisation may induce more foreign capital to come to Nigeria, and improve efficiency in areas where that has fallen since the launching of the NEPDs, could such a trend be allowed to continue indefinitely? Where should the government draw the line? These questions can only be answered by considering the nature and configuration of the national leadership, the performance of the indigenised firms, the terms of the alliance between indigenous and foreign partners, and above all, the state of the oil economy and the likelihood of a return to oil boom prosperity.

Whatever the nature of the political and bureaucratic leadership, and no matter how weak is the performance of the nation's economy, it is unlikely that any parts of the indigenous private sector which have a substantial interest at stake will be prepared to make major concessions to de-indigenisation. According to F.T. Moore, writing

for the World Bank's International Finance Corporation in 1983, when a suggestion was made to the government for "abolishing the 1977 NEPD or fundamentally relaxing its requirements so as to attract more investment, the idea proved to be unacceptable to the major business organisations such as the Chambers of Commerce.³⁸ Commercial organisations are likely to resist more strongly than indigenous manufacturing organisations. This is because they could be more easily pushed out of business entirely, unlike indigenous investors in other industries which are in a more secure position by virtue of being in partnership with strong foreign companies. Nevertheless, by and large the fear remains among both commercial businessmen and indigenous manufacturers that to scrap the NEPD entirely would seriously threaten their already weak position. Also from a nationalistic point of view to completely abolish measures which had evolved after a fairly lengthy period of agitation would be politically unacceptable to most of those who had initially helped to bring in the indigenisation Decrees, irrespective of whether they now have a private material interest of their own at stake.

Although it could be argued that reopening the doors of all classified enterprises to foreign investors would lead to improvements in levels of efficiency, there is no guarantee that foreign capital would not come to dominate the economy once again. F.T. Moore maintains that:

"opening some of the reserved product and service activities to all types of investment would very likely improve the efficiency of the whole industrial structure and would not necessarily lead to any significant displacement of small scale Nigerian businessmen and commercial ventures by large scale foreign investments. It is very unlikely that foreign investment would be interested in penetrating the small scale manufacturing and repair facilities distribution services or commercial and retail business that are now held by local people."³⁹

Two points need to be made here in connection with Moore's view. First, Nigeria now seems to be witnessing an increasing involvement of capital from non-Western sources, specifically Asians domiciled abroad, although reliable statistical information is not yet available to back up this widely held belief. In a private conversation with the author, a member of the Federal House of Representatives claimed that 90% of the industrial establishments in and around Lagos are owned by Indians. This obviously cannot be true. But although it was an exaggeration, the fact that the representative saw fit to say it, and might even have believed it, suggests that the profile of Asian entrepreneurs has increased in recent years. To lift all restrictions on foreign capital would increase the operations of Asian entrepreneurs. Furthermore, those foreign businessmen in the country who, like the Lebanese, have gone underground because of indigenisation, would come out into the open once again. Both the Asian and Lebanese businesses might eventually push Nigerians out of sectors they have only recently moved into under the aegis of indigenisation.

Secondly, as has been demonstrated in the case of the shipping industry and clearing and forwarding at least, indigenous capital could come to be dominated once again by European and American investors if those investors felt they had been given sufficient guarantees of security against any future revival of compulsory indigenisation.

At this point the status of certain unique forms of enterprises must be queried, along with the effects of indigenisation on public decision-makers and their relationship to the private sector. The status of joint ventures between the Nigerian government, foreign multinationals and other foreign governments was never clearly spelled out in the Decrees. One instance is the Save Sugar Company,

a joint venture between the Nigerian government, the Republic of Benin and Lonrho Ltd., formed in 1976. Forty six percent of the shares rest with the Nigerian government, 49% are owned by Benin Republic and 5% by Lonrho. It is not known whether the Federal government has entered into agreement with its partners to accept the introduction of private Nigerian capital in the future, or whether the operations are permanently reserved for the public sector. This is an area where the NEPB should seek clarification. For if private indigenous partners were encouraged to replace public capital, then contact between investors from different African countries could be increased, leading, possibly, to a convergence of private African capital and a strengthened position vis-a-vis non-African transnational capital.

A second area where the NEPDs are silent, and where that silence became embarrassing, is the status of a Nigerian-owned firm whose base is outside Nigeria. The silence has led to a very serious misinterpretation of the intentions of the indigenisation exercise. The misunderstanding of the purpose of the NEPD was clearly revealed by the report of the tribunal of inquiry into the importation of cement 1976.⁴⁰ Government officials construed the indigenisation policy as meaning unqualified support for Nigerian owned enterprises, whether resident in Nigeria or abroad.

Mr. Lakin-Smith, an official of the Ministry of Defence, gave evidence to the tribunal on the need for local representatives, saying: "At that time the indigenisation Decree has either been enacted or just about to be enacted and I believe it being put to me that a large number of suppliers were expected from Nigerian firm or firms, owned by Nigerians domiciled in the US. It was therefore desirable to associate Nigerians in Nigeria with the convention in the capacity of local representatives . . ." ⁴¹ To the tribunal (panel) this interpretation of the NEPD 1972 was a "travesty". ⁴² A

majority of those suppliers who were in fact awarded the cement contract in this case appeared to be Nigerians domiciled in Nigeria. This is what should have happened, for Nigerians who operate business outside the country cannot be seen as forming indigenous enterprise. They would not necessarily make any greater contribution to the Nigerian economy than would other foreign firms. The NEPD should not have left open a loophole which allowed Nigerians abroad to qualify for the full benefits of indigenisation.

When the panel asked Mr. Lakin-Smith about the origin of the policy of awarding contracts to "local representatives", he revealed that it was a policy that originated from the top. It was the Deputy Permanent-Secretary of the Ministry of Defence who, according to Mr. Lakin-Smith, suggested that there should be local representatives so that Nigerians could be associated with these contracts which would otherwise be wholly in the hands of expatriate firms.

The panel acknowledged that the practice of awarding contracts to Nigerian representatives rather than directly to expatriates was noble, but had turned out to be "a device for getting cheap money and probable source of kick-back". Nevertheless this is what is allowed by the vagueness of the NEPD; and in 1983 the government proceeded to make contract awards to ten Nigerian firms either based abroad or foreign affiliated. Between January and November 1983, 55 major contracts were signed between the government and 60 construction firms, of which only ten were based in Nigeria. Thirty eight of the 55 awards alone cost ₦3,600 million.⁴³ If the essence of the indigenisation Decree is to involve more Nigerians in the country's economic activities, partly in order to [✓] same foreign exchange, then the practice by which Nigerians who base themselves abroad and operate just like foreign firms are awarded contracts is simply not in accord with the objectives of the Decree. Indigenisation

has proliferated the establishment of local commission representatives, induced shady foreign partners into partnership with Nigerians and, above all, led to official dispensation of contracts in ways that overlook the level of appropriate qualifications of the contractors. Citizenship has become the sole criterion, and officials have failed to discriminate between genuine business interests and mere commission agents who only seek to take advantage of government contracts for themselves.

This chapter has brought to light some of the problems associated with the implementation of the indigenisation Decrees, and identified some weaknesses in the legislation and some emerging trends. There is still considerable scope for further indigenisation; but whether indigenisation or, conversely, de-indigenisation will become the norm, depends on the financial strength of the State and the influence of the private indigenous sector and its perceptions of the consequences of further action.

In the next chapter, we shall discuss the State's attempts to create and encourage the development of industrial capitalism with greater indigenous participation in owning and controlling the manufacturing sector of the economy. This effort brings the State itself as one of the major participants in the ownership of the Nigerian economy into a system of partnership between indigenous and foreign capital.

Notes and References

Chapter 7

1. A.A. Ayida reported in the New Nigerian 11/12/76.
2. Daily Times (Lagos) 1/4/74.
3. The story of the Federal Palace Hotel was carried by The Nigerian Tribune 24/2/83.
4. The Guardian (Nigerian) 27/2/84, p. 1.
5. See The Report on the Reorganisation of the Dock - Labour Industry in Nigerian Ports - 1969 p. 17, by A.A. Ayida, Permanent Secretary Ministry of Economic Development.
6. See Ibid. p. 21.
7. Daily Times, 18/1/82.
8. Nigerian Ports Authority Magazine, 1983.
9. Ayida Report op. cit. p. 22.
10. Nigerian Economic Society. Proceedings of the 1974 Annual Conference, Department of Economics, Ibadan University, p. 180.
11. See a critical editorial of the New Nigerian (Kaduna) 29/3/83.
12. Ibid.
13. See the report by Kayode Soyinka - "Import licences - the key to recovery in Africa" - Africa Now (London), December 1984, p. 37.
14. West Africa (London) 14/5/84.
15. New Nigerian (Kaduna) 3/8/83.
16. African Business (London) October 1983, p. 42.

17. Eknerhare, B.U. - "The import and lessons of Nigeria's industrial policy under the military governments 1966-79", private paper prepared at A.B.U. Zaria, p. 15.
18. West Africa (London) 16/4/84.
19. This case study was based on a report published by New Nigerian 30/6/72 soon after the first Decree was launched.
20. New Nigerian 30/6/72.
21. Daily Times 20/12/83 p. 27.
22. Chief O. Awolowo - in Nigerian Tribune 31/1/83.
23. Business Concord 8/4/83 p. 5.
24. See NEPB's Addendum to 1983 (8th) Progress Report on the Implementation of the 1977 NEPD.
25. Count Lambsdorff - in West Africa 25/10/82, p. 2,766.
26. The term "de-indigenisation" has also been used to denote the process of changing the pre-colonial African economies during the colonial period, for instance by J. Jorgensen in "Multinational Corporations and the indigenisation of the Kenyan Economy" in Multinational Firms in Africa edited by C. Widstrand (Scandinavian Institute of African Studies, Uppsala) 1975. In our case the term denotes a reversal process, i.e. the increasing involvement of foreign capital in an economy which had been undergoing Africanisation.
27. Federal government statement issued in 1982 reprinted in West Africa 4/10/82, p. 2,561.

28. See Quinlan, M. - "OPEC formula for recovery" (table) in West Africa 9/11/81.
29. See Federal government advertisement on "Nigeria moves ahead" in Africa No. 134, October 1982.
30. Financial Times, 26/10/81.
31. Alhaji Shehu Malami, a Sokoto based businessman, and one of the prominent indigenous shareholders of Costain, revealed that Costain was the only construction company that went public due to his insistence.
32. The Guardian (Nigeria) 15/12/83, p. 1.
33. Daily Times, 15/6/84.
34. New Nigerian, 4/4/84, p. 9.
35. The Guardian (Nigeria) 29/11/84, p. 13.
36. See The President No. 20, 1981, p. 23.
37. A.U.A. Mutallab, paper presented on "Foreign debt and Nigeria's economic development" - Institute of International Affairs 5th and 6th March 1984 - printed in New Nigerian, 4/4/84.
38. See F.T. Moore - "Nigeria - Review of the Engineering Industries" The World Bank International Finance Corporation (Office Memorandum) 16/8/83, unpublished paper.
39. Ibid pp. 27-8.
40. See The Report of the Tribunal of Inquiry into the Importation of Cement 1976 - Federal Republic of Nigeria - Lagos, 1976.

41. Ibid.

42. Ibid.

43. This information was published in Africa Economic Digest
and reported by West Africa 23/1/84.

CHAPTER 8

The State and the Development of Indigenous Industrial Capitalism

There have been two stages in the development of relations between foreign and indigenous capital in Nigeria. The initial stage from precolonial times up until independence could be typified as more or less conflictual. The second stage from the mid-1970s onwards has been characterised by a more harmonious relationship nurtured by the State, with an emphasis on partnership. The crucial function of the policy of indigenisation was to abridge the earlier conflicting interests of some sections of the business community, foreign and national, and to tie in the ex-military/bureaucratic elite. Indigenisation came to be accepted by most of the affected foreign enterprises quite quickly, for they fully appreciated that the arrangements would still leave them with many opportunities.

The aim of this chapter is therefore to put the whole of the preceding account of indigenisation into theoretical perspective, and to draw some conclusions about the nature and role of the State, in relation to the factions of indigenous private and foreign capital, in the development of industrial capitalism in Nigeria.

First of all it must be noted that indigenisation policy was predicated upon the assumption that increased indigenous participation in commercial and industrial sectors would lead to an independent and domestically sustained development of industrial production and capacity. The indigenisation exercise was not conceived simply as an "express lift" to passive equity participation in foreign enterprises. Hence the capability of indigenous entrepreneurs to become an independent industrial class, capable of independent industrial production, needs to be assessed. However, central to this assessment must be an understanding of the role of the State. We shall look at the State's assistance to private indigenous

industrial capital (Section i), the State's direct investment in industries (Section ii) and the State's encouragement of partnership between foreign and domestic capital (Section iii). Section iv draws attention to the significance of fractional distinctions within capital and emphasises the way in which State actors in particular have come to provide a major constituent of the private beneficiaries of the indigenisation exercise in Nigeria. Section v demonstrates the effectiveness of M A N., the premier organisation which serves the interest of foreign and indigenous industrial capital in particular, and points to areas of conflict between different organised business interests.

The final Section (vi) notes the significance of flaws in Nigeria's distributive system, and draws attention to the exclusion to date of some indigenous businessmen from the benefits of indigenisation.

(i) Private Indigenous Industrial Capital and State Assistance

The colonial State assisted in the penetration of foreign capital and functioned to provide the law and order which guaranteed the operations of that capital. Soon after independence, the post-colonial State¹ adopted a mediatory role between indigenous capital and foreign capital, and hoped that an industrial economy would develop and eventually be controlled by indigenes. Notwithstanding this aspiration, the shift of political power into indigenous hands at independence in 1960 did not relegate foreign capital to a marginal position in the country's economy.

Between 1967 and 1970, indigenous ownership in foreign owned/controlled companies was marginal. Trading and commerce were the areas for which indigenous entrepreneurs were best fitted, either by themselves or in partnership, but on the whole private foreign capital remained dominant. There was in fact a steady rise in foreign private investment.

In 1967, cumulative foreign private investment was £N474 million of which 20.9% (₦99.3 million) was in manufacturing and processing and 20.0% (₦102 million) in trading and business services. In 1968 cumulative foreign private capital rose to £N510.7 million and 23.3% (₦110.6 million) of the total (£N510.7 million) was in manufacturing and processing and 24.2% (₦123 million) in trading and services respectively.² The upward trend was maintained in 1969 and 1970 with recorded cumulative foreign private investment of ₦881.6 million and ₦1,003.2 million respectively. Similarly for the period 1969, manufacturing and processing accounted for 22.2% (₦195.7 million) of the total (₦881.6 million) and ~~trading~~^{trading} and service sector accounted for 22.4% (₦197.5). In 1970, 26.2% (₦262.8 million) and 20.6% (₦206.7 million) of the total (₦1,003.2 million) investment were in manufacturing and processing, and trading and service sector respectively.³

Nigerian participation in the equity ownership of foreign owned manufacturing and processing sector firms in 1971 was 34.2%, and on the aggregate indigenous ownership in foreign owned/controlled companies was 18.8% in 1970 and 16.6% in 1971.⁴

The present influence of transnational capital and medium-sized Lebanese and Indian businesses and their historically sustained edge over indigenous capital, plus the relative weakness of domestic private capital, combined to spur Nigeria's post-colonial State to commence indigenisation in 1972. The termination of imperial rule, domestic resentment of foreign capital, and the aspirations of the domestic private sector came together to provide the impetus to attempt to break the nearly total control which foreign companies had held over substantial parts of Nigeria's economy.

The historical tendency in Nigeria has been for economic as well as political elites to promote their interests through State policies, or at least to so influence the State as to create economic opportunities

for themselves and further their political and social status. In Nigeria, political leaders during the First Republic and military officers of the late 1960s and in the early 1970s, and top bureaucrats, promoted a few commercial business clients who depended on government patronage to obtain loans, contracts, import licences and other benefits. However, for a decade or so, the relatively feeble indigenous entrepreneurs were not able to penetrate the industrial sector, in spite of the various legislative measures which were taken prior to 1972.

There is no "doubt", as Kaplinsky has observed with respect to Kenya, that "any discussion with aspirant indigenous industrialists will rapidly show, that there exists a very strong desire to supplant foreign capital".⁵ But no matter how strong is the historical tendency and the aspiration of indigenous entrepreneurs to attempt to achieve at least parity with foreign capital, the realisation of such aspirations could only be attempted seriously in Nigeria with the prosperity which was placed at the disposal of the post-colonial State. The emergence of a modern industrial and commercial bourgeoisie was only potential within a framework of support and advancement by the post-colonial State; but the movement of indigenous capital into manufacturing was to be made possible only with the cooperation of foreign capital.⁶

Two sources account for the development of private industrial capitalists in Nigeria in the 1970s. First, as a result of the availability of commercial capital being increased due to oil, some indigenous commercial capitalists did move into manufacturing and processing. However they do not predominate. The second category of industrialists tend to have a good formal educational background, and have either worked for foreign firms or had a career in public service. They include experienced top African employees in large European firms and ex-State officials, particularly the latter who gained access to directorships with shares in some of the large public companies, and

even greater blocks of shares in private intermediate enterprises, as a result of indigenisation.

Swainson has also shown in the case of Kenya, that the accumulation of capital was proceeding and "an indigenous bourgeoisie" was emerging as early as the 1920s. Hence the post-colonial State was not responsible for giving rise to the indigenous bourgeoisie. However, the mere fact of the prior existence of a nascent bourgeoisie is unimportant, given the very restricted capability of traditional African businessmen in particular to transcend educational, capital, technological and other limitations which cannot be overcome by State assistance alone. Some peripheral societies may have harboured capitalist inclinations even before colonial rule. But what needs to be stressed is the character of this business group in its totality, the source and method of operation adopted by it, and its ability to use State policies effectively (without the State bureaucracy pre-empting opportunities) to replace, or at least to compete with, foreign capital.

A common observation on peripheral societies is that there is usually a movement of indigenous capital from commerce into the manufacturing sector, either on the basis of private indigenous initiative or in consequence of a progressive "squeeze" on foreign capital by the State. In recent years many third world States have confronted foreign capital with some success, by increasing indigenous ownership. In Nigeria, the movement of foreign capital out of commerce into import-substitution industries was not directed solely by the post-colonial State, but was also undertaken voluntarily due to the offer of State subsidies and the tariff escalation introduced as a result of balance of payment difficulties in the 1950s and 1960s.

State assistance to the private sector is an historical necessity that the countries of the periphery have to go through, in a selective and exaggerated imitation of some features of the experience of

countries which are now industrialised, for example Japan. Such at any rate is a generally accepted view.⁷ However, this seems to make a virtue of the situation without paying sufficient regard to the limitations of the indigenous entrepreneurs of the periphery and both the historical and contemporary factors which tend to perpetuate those limitations.

The recruits for private enterprise industrialisation were originally supposed to come from indigenous merchants in the commercial sector, given sufficient nurture by the State, but the Second National Development Plan (1970/74) introduced a Small-Scale Industrial Credit (SSIC) Scheme⁸ with the objective of encouraging a new class of educated and technically qualified entrepreneurs to set up modern small-scale enterprises. "Certain categories of person, notably civil servants, statutory corporation and local authority employees and members of the Armed forces were not supposed to be entitled to receive any loans under the credit scheme . . ." ⁹ However, given the absence of a large pool of educated indigenous businessmen, the policy inherently led to increasing participation by ex-State officials. The 1977 NEPD further encouraged partnership between the ex-State officials who are the most acceptable as partners to foreign capital.

Every State of the Federation set up the SSIC scheme in 1970 to provide financial assistance to private individuals with industrial projects on "liberal terms". The State governments' budgetary allocations for SSIC were also supplemented by the Federal government. The promotion of private indigenous small-scale industries was carried on by the Third National Development plan 1975/80. "The pro-indigenous business role of the State continued by ensuring that the pattern and direction of development of the industrial sector conforms to guidelines set to protect those interests of the national economy and private

entrepreneurs."¹⁰ These policies have not always been implemented smoothly, partly because of administrative difficulties. The problem can easily be illustrated by citing some examples which can only disappoint hopes of a successful development of a large number of State-assisted private industrialists. The SSIC scheme in Niger and Borno States fell far short of expectations. In the case of Niger State, the Permanent Secretary, Ministry of Commerce and Industry revealed that industrial loans were misused in the State. Of the 237 people who shared ₦1.5 million loans granted in the State between 1979 and 1983 none used the loan for the purpose for which it was intended. According to the Permanent Secretary, only brick-making industries and bakeries were set up through the loans. The equipment is rudimentary and could have been acquired even without the loans. As at 1983 there was still about ₦816,640 yet to be repaid by 174 beneficiaries. Political considerations were a major factor in the selection of the loan beneficiaries, and this inevitably militated against the successful execution of the policy.

In an interview with officials of the Borno State Ministry of Trade, Industry and Cooperatives, a similar picture was disclosed about the failure of the Small-Scale Loan Scheme in the State. Like Niger State, most of the beneficiaries of the Scheme in Borno State failed to use the loan for the industrial projects for which they were provided. There were 300 beneficiaries of the Scheme between 1970 and 1976. From 1976 to 1979, 281 people obtained loans. The total disbursement was over ₦3 million. Loans were given from ₦5,000 to ₦100,000 per application. Many borrowers gave fake addresses, and it became impossible to trace and secure recovery of the loans. Subsequently the government embargoed a further issue of loans, in 1979.

In place of the Scheme, the State government began to promote industrialisation directly, becoming the major shareholder in a total

of 17 manufacturing firms in the State.¹¹ The purported intention of State government participation was to help establish the industries and then hand them over to valid businessmen.

A few private indigenous entrepreneurs in Borno State have made in-roads into soft-drink bottling and furniture (e.g. Dalaram and Monguno bottling firms and Hassan Modern Furniture and Stephen Floor Tiles). The amount of private indigenous capital that has found its way into processing, bottling and manufacturing is however extremely small compared to the representation of indigenous private capital in commerce and service sectors. Out of 164 registered members of the State's Chamber of Commerce and Industry, 155 are in distributive trade, commission agency, general retail, import/export and construction businesses. About 9 are in small-scale manufacturing business.¹² By and large, the private sector's response to the government's policy of small-scale industrial promotion has been very weak.

Prior to 1977 it was the Federal government's policy to allocate funds to the States for the development of small-scale industries, thus providing support to the State governments' efforts. The Federal government scrapped the policy of allocating funds to the States for industrial development in 1977, but the NBCL re-established the Scheme in 1981. The latter started to provide finance capital to private indigenes directly, without mediating through the State governments.

In summary of this section it can be said that since the launching of the development plan in 1962, government policies have mainly served to prop up commercial interests rather than promote indigenous industrial initiatives. For instance, private indigenous investment in engineering industries, which must surely be a significant indicator of any serious industrialisation, was only 4% of private investment at the height of the indigenisation exercise between 1975 and 1978. In terms of employment, the engineering sector still accounts for only 5% (16,000

persons) of total employment in manufacturing.¹³

The discouraging features of the private indigenous sector's performance are by no means new. The poor record up to the 1970s is, after all, what led to the greater, ~~more~~ direct efforts by the State at industrial development in the mid-1970s.

(ii) Direct State Investment in Industrialisation

The limited shift of the State within the 1970s, from the role of a mediator between foreign and private indigenous capital, to direct involvement in industrial investment and promoter of private indigenous capital, was necessitated by the private sector's overall weakness. In short, the State became an industrial capitalist in the drive towards industrialisation.

The reasons behind the State's acquisition of shares in foreign firms in the 1970s are more pragmatic than ideological. The State now shows tenacity in retaining its acquired interests but this can be explained in terms of the State's own financial and bureaucratic interests, notably the inadequacy of alternative revenue sources. An official of the Borno State Ministry of Trade and Industry made it quite clear to the author that financial reasons dictated the retention of enterprises acquired by the State.

The activities of the State Chambers of Commerce in persuading the State governments to relinquish their shares to the members of the Chambers, were raised in discussion with members of the Borno State and Kaduna State Chambers of Commerce. There seemed to be neither official initiatives nor many serious efforts made by the members to press the State governments to sell their shares to the private sector. Documentary evidence clearly establishes Borno State government's reluctance to sell shares acquired under the NEPD. Official comments poured cold water on a suggestion made by Mr. H.I. Alile, Director of

the Nigerian Stock Exchange, that: "Governments should release to the people in an orderly manner the shares they acquired during the indigenisation exercise on their behalf through the Stock Exchange."¹⁴

An official of NEPC commented that at the moment no State could willingly release such shares to their public as these shares are yielding reasonable dividends and are prized as one of the main revenue sources to States. This view was shared by all the officials who were interviewed in the Ministry. The Commissioner of the Ministry contended that share release to the general public has always been attempted but there has been no serious response. However, there are no official records to support such a claim.

Most of the joint ventures between the State and private sector are run on a profit-making basis, and a section of the bureaucracy, particularly those involved in managing State and quasi-State corporations, are keen to promote this pattern of development as an alternative to purely private enterprise.

The involvement of the State is reflected in financial investments both from public banking institutions and direct government investment. The Federal government held in 1979, ₦98,854,804 of the NIDB's total authorised capital of ₦100,000,000. Out of this amount, ₦39,181,000 was committed to manufacturing in partnership with foreign and private domestic capital. Investments have been made in food and beverages, textiles, footwear and leather products, wood products and furniture, paper products, chemical products and cement, rubber, metal products, electrical appliances and non-metallic products.¹⁵ NIDB investment also extends to vehicle assembly, clay products and breweries.¹⁶

The preponderance of State capital in the manufacturing and processing sectors can be illustrated further. State and Federal governments combined have invested approximately ₦53,719,380¹⁷ in

48 mainly private companies with authorised and paid up capital of ₦74,310,221, in the North in partnership with foreign and indigenous private capital. The table below shows the extent of State participation in 13 out of 48 publicly quoted companies.

TABLE 1

		%	No. of comp.	%
TOTAL AUTHORISED CAPITAL	₦659,422,154	100	48	100
SHARE CAPITAL OWNED BY STATE	₦ 40,603,173	6.2	13	27
DIRECTORS' SHARES	₦ 14,674,882	2.2	33	69

However, the national economic difficulties which have been exposed by the drop in demand for oil in the 1980s have served to keep in view and underline the true nature of the problem. The financial prosperity of the State will not only critically affect the prospects for development of an indigenous industrial capitalist class, but also determine the ability of the State itself to undertake direct investment in industries. The condition of the country's balance of payments remains a crucial factor. This is amply illustrated by the industrial downturn which has taken place during the external financial crisis of the early 1980s, the effect of which has been the retrenchment of workforces,¹⁸ closures, economic "threats" by foreign partners to private indigenous and government firms alike, and general economic chaos.

The triadic role of the Nigerian State- its promotion of private domestic capital, direct public capital investment in industrialisation, and the general harmonisation by the State of private domestic and foreign capital, helps to determine the main types of private indigenous economic actors which will flourish in Nigeria. The next section

examines the types of indigenous capital that have ventured into industry and those that have consolidated their position in the system of alliances with foreign capital.

(iii) The Alliance between Foreign and Private Indigenous Capital

In Nigeria, many of the processing, manufacturing and mining firms and other modern industries have links with foreign capital. All of the 114 companies in our survey in the North are in partnership. Also in the national sample of 1705 companies, although only 4 companies are wholly foreign and 118 are wholly indigenous, only 10 of the indigenous companies are in manufacturing and 61 in service and construction sector, with the rest unclassified.

The extent of external capital penetration of Nigeria both during the colonial period and since, has shown that the country's economy continues to rely on foreign capital for effective production. Admittedly the indigenous private sector has been given more room to advance into manufacturing by the indigenisation Decrees, but only within the parameters defined by international capital. The post-colonial State in Nigeria has become pivotal both to the development of indigenous private capital and to the maintenance of a balance between domestic and foreign capital, given the dependence of indigenous capitalism on external partners for industrial development. The State actually brings domestic and foreign capital together, often by providing opportunities to foreign capital. The 60/40 equity ownership ratio between foreign and indigenous investors which was stipulated under Schedules II and III of the 1972 and 1977 NEPDs respectively, is only one, very explicit official manifestation of the desire to retain foreign capital in partnership with domestic capital.

Given the reliance of the indigenous industrial sector on external sources of raw material (of the 20 companies which indicated to the

author their source of raw material, & claimed to rely on internal sources), equipment, managerial expertise and technical know-how, State policies must facilitate the interest of both domestic and foreign capital. Indeed, as the State gave an appearance of becoming increasingly pro-indigenous business in the 1970s foreign capital actually consolidated its overall position in the country's economy. The support shown by M A N and its lobbyists in the legislature for the maintenance of capital (discussed in chapter 6 above), suggests that the forecast made by, for instance, Paul Collins,¹⁹ that indigenous interest in partnership is now on the wane, is somewhat premature.

Indigenous private capital pressure on the State led to a relaxation of the NEPD in 1981. Lobbying of the Shagari government (1979-83) to make the economy more open to foreign investors came from the Manufacturers Association of Nigeria (M A N) and from those representatives of indigenous businessmen who are already in partnership with foreign capital, including some senators and members of the House of Representatives and the Cabinet, and some non-Cabinet Ministers. The reason for the desire of such people to retain foreign capital is not difficult to see.

Unlike such other relatively advanced industrialising countries as Brazil, India and Mexico, Nigeria has a very weak industrial base, and accordingly desperately needs foreign capital in order to maintain modern methods of production. This is clearly understood by Nigeria's industrialists and the State. The falling trend in the price and output of the country's oil in the 1980s has simply re-emphasised Nigeria's continuing dependence on foreign capital. The ever-increasing integration of indigenous capital with foreign firms, and the strong support given by the State to this trend serves to strengthen mutual cooperation between the bureaucratic and business elites on the one hand, and foreign capital on the other.

Indigenous capital as a whole would not and could not threaten foreign capital in a manner likely to endanger its own survival. However, this is not to say that a renewal of indigenisation will never again be threatened against parts of foreign capital which undermine stability and impede the progress of indigenous capital. Some further indigenisation measures may still be deployed from time to time. As recent as 1984 the NEPB has recommended further indigenisation in areas of petroleum haulage, tobacco manufacture, departmental stores, supermarkets, distribution of imported goods.²⁰ The fact that these areas are currently infiltrated by Indians and Lebanese is significant.

Thus the relationship between internal class forces and the external class represented by foreign investors in Nigeria cannot simply be reduced to a relation of "exploitation and coercion", as Kirkpatrick and Nixon²¹ and others have claimed. Nor is it adequately summarised by that rather oversimplified notion of instrumentalism which Beckman has advanced, and which portrays not only the domestic bourgeoisie but also the Nigerian State as merely "agents" of foreign capital. According to Beckman, "the contemporary Nigerian State can therefore be described as a comprador State. State institutions and State officials operate as agents of imperialism. The real ruling class is the bourgeoisie of the metropolitan countries. It is not the indigenous businessmen and bureaucrats, who merely masquerade as a 'national bourgeoisie'."²²

Neither the State nor the indigenous bourgeoisie can be construed as merely subordinate factors or facilitators of domination and exploitation by metropolitan capital. Oversimplification of this sort owes to a failure to recognise the high level of political representation of Nigerian entrepreneurs and the highly responsive nature of Nigeria's post-colonial State. Although indigenous

industrialists certainly rely on transnational capital for many factors of production, or rely on foreign manufactured goods for distribution and services, their domestic political, economic and organisational advantages should not be overlooked.

Despite limited technological capabilities, domestic capital in developing countries can be strong in some senses. In Brazil for instance, where a "triple alliance" between foreign capital, State capital and local private capital has been identified by Evans (1979), analysis revealed the significance of local capital, even though, in the final analysis, it remained the weakest element of the alliance.²³ Basically, the strength of local capitalists identified by Evans is founded on their claim to privileges of citizenship and in their ability to integrate with the local social structure, in their influence over access to the local market for transnational firms.²⁴ The local political power of foreign capital is weak relative to indigenous private capital. Hence an indigenous partner can be essential to the success of foreign capital, particularly at times when the State is attempting to control foreign investment by imposing restrictions on its activities.

The long-term viability of a structural alliance between sections of private indigenous capital and foreign capital, which has been fostered over the years by the State, has come to be disputed. Paul Collins, for instance, in 1984 claimed that:

"there is at times a growing personal antagonism. Even amongst the bureaucratic and managerial elements in Nigeria who bought substantial shares (under the indigenisation Decrees) . . . enthusiasm has considerably waned . . . in favour of making direct investments in enterprises of their own. This was particularly the case with those who invested in foreign companies manufacturing low-technology . . . they were impressed by the relatively simple and 'imitable' process involved."²⁵

This observation led Collins to suggest that "the extent of such a development is crucial to the emergence of an embryonic industrial class, in particular the degree to which the petty bourgeoisie have been able to transcend the normal limits of their class to expand the forces of production directly and by themselves."²⁶ However, a rather abstract statement such as this is not yet fully born out by the facts; and the ability of the indigenous sector even to take full advantage of those areas reserved to them by the indigenisation, is weak. In spite of the removal of foreign competition, and the "low technology" nature of the enterprises exclusively reserved for Nigerians, the NEPB reports paint a discouraging picture. Even in an area such as the repair of watches, which used to be in Schedule I (now reclassified under Schedule II), "no single indigenous company was set up to undertake the activity since it was placed in Schedule I and Nigerians had to go abroad to have their watches repaired."²⁷ Similarly, clearing and forwarding and petroleum haulage had to be reclassified in order to mitigate the difficulties created by the exclusion of foreign capital.²⁸ The preservation of some sectors to indigenous participation proved to be disastrous to the industries, as was discussed in chapter 6 above. If many service sector activities have proven to be too demanding for indigenous businessmen, it is difficult to see them making much of a success of manufacturing industry without a substantial continuing element of foreign participation.

Thus, although in the long term a total indigenous takeover of ownership of joint ventures may be pressed for in some areas, the problem of how to create a domestic managerial and technological capacity that will reduce reliance on critical external supports has, as already pointed out, yet to be solved. All the officials of M A N who were interviewed by the author confirmed that even wholly indigenous companies still suffer from "dependence-orientation" and admit that

foreign participation is essential to their success. The aspiration to take over at the ownership level is one thing, which in time may come to be fully consummated; however the capacity to survive and prosper independently is clearly another thing entirely.

In the next section we shall identify and discuss the different fractions of local capital. For the economic and political strengths of the several fractions differ, and the differences go beyond the distinction of public and private indigenous ownership.

(iv) Fractions of Capital

Local capital in Nigeria should not be visualised as a single entity; rather, it should be seen as comprising several fractions which do not share identical interests. There are two broad distinct groups in the private indigenous sector, -the traditional African commercial businessmen, and the ex-State officials who, as was shown in chapter 5, foreign capital tends to welcome as partners, especially in comparison with not only serving members of the military/bureaucracy politicians (in private capacity) but also the traditional commercial businessmen. The preference owes in part to the administrative and professional competence of ex-State officials and their mastery of State policies. But on some occasions bureaucrats still in active service as well as those outside, in pursuit of private goals collude with foreign capitalists against . . . indigenous businessmen.²⁹

As was observed by Adejugbe: "What makes the Nigerian situation perhaps exceptional is the enormous divergence between expressed government goals and the pursuit of private goals that are thrust upon the system by individuals and sub-coalitions with the bureaucracy. This socio-political situation has adversely affected the attainment of the goals of the indigenisation policy."³⁰

In the private companies examined by the author in the North,

shares have been bought by 73 retired senior military officers and top bureaucrats including ex-military governors, secretaries to military governments, Federal permanent secretaries, diplomats, senior police officers, State Commissioners and other top Federal officials. They possess a total holding of ₦5,023,928 worth of shares and unvalued shares of 72,360³¹ out of 201,000 saleable shares in about 38 Schedule II enterprises. In addition 11 Northern aristocrats, emirs, prominent traditional title holders and their families hold a token ₦91,100 worth of shares and 50,000 unvalued shares out of 917,000 saleable shares in 7 companies and 40% of one company whose authorised share capital is not given. Northern aristocrats seem to be allocated small shareholdings and given directorships in order to patronise the companies that operate under their area of influence and improve their public image. Southern traditional rulers also seemed to be given directorships among the 48 public companies examined. Though they are small in number and in terms of equity share ownership, the traditional African Emirs and Chiefs are a significant group of shareholders because of their political position and influence.

In most cases ex-State officials operate in partnership with proprietors of medium sized private firms originally owned solely by Lebanese, Indians, Syrians and large public companies or subsidiaries of transnational firms. As is shown in table 1 above (page 307) almost all of the indigenous directors of the 33 out of the 48 companies are top members of previous governments, with a total share ownership of ₦14,674,882. About one quarter of the 48 companies with a total authorised capital of ₦659,422,154 are Schedule III enterprises and just under three quarters are Schedule II. Ownership of shares by ex-State officials might represent a small fraction relative to foreign, State and the aggregate of individuals as a whole, but their ownership is nonetheless highly significant because they

furnish the major private indigenous blocks of shareholding, and therefore have the greatest chance of exercising a significant voice. A high concentration of directors³² equity shares relative to the aggregate of shareholders was also observed in other studies. For example, Teriba et al. in their study of ownership and control structure of some manufacturing firms in Nigeria showed that in a total paid-up capital of 688 firms, 53.5% were owned by the companies' board members.³³ The high ownership percentage among the directors of small-scale Lebanese and Indian businesses contrasts with public companies with a large capital base, where Nigerian directors are only nominal shareholders relative to foreign investors and the State.

The practice whereby civil servants move into the private sector has a long tradition in Nigeria. But never before has there been such a mass absorption of public officers by private indigenous and foreign firms as was induced by indigenisation in the 1970s. Indeed, the private sector attracted such a large number of "high-level administrative personnel that in 1979 the Nigerian Government temporarily prohibited permanent secretaries from moving into the private sector."³⁴ Before the 1972 Decree, the interests of the military officers at least, and the business class seemed to be kept reasonably separate. However with the launching of the indigenisation policy, in particular the Second Decree (1977), the economic interests of the business class and the military/bureaucracy began to coalesce. Most military officers and bureaucrats of the 1960s and early 1970s have ended up as directors and shareholders in private or public companies, after making their exit from office. The integration of this group into the Nigerian business community has therefore expanded and strengthened the pursuit of indigenous capitalism in Nigeria.

In contrast, the traditional African commercial group who were

originally intended to be the beneficiaries of the 1972 Decree have been impeded by the participation of ex-State officials and also by aliens who have been able to retain their businesses by the acquisition of Nigerian or OAU citizenships, and the merger of alien companies.

₦1,984,707 worth of shares of companies in Kano had been retained by the original alien owners of about 20 enterprises, by obtaining Nigerian citizenship. Nine Lebanese retained ₦1,210,000 worth of shares by acquiring citizenship of neighbouring countries - chiefly Niger, Chad, Sierra Leone, Benin Republic and Ivory Coast. Out of 19 companies 17 were involved in merger. Two have only been renamed so as to give the impression of a change of ownership. In 8 companies, the Lebanese proprietors had their applications for citizenship turned down by the Ministry of Internal Affairs. But since these proprietors belong to families, some members of which have been successful in acquiring Nigerian citizenship, those who do not obtain Nigerian citizenship simply transfer their shares. In this way the owners of four companies successfully transferred ₦909,500 worth of shares to naturalised relatives, so avoiding having to sell at an artificially low valuation. For example Shour Transport Company with a value of ₦200,000 under the 1972/74 Decree valuation was directed by the Security Exchange Commission (SEC) to be sold to Nigerian(s) for ₦100,000 in 1979. The proprietor of the company had already failed to comply with the 1972 Decree which placed the company under Schedule I. The business was sealed in 1976, but then reopened because the proprietor applied for citizenship. The company thus escaped the requirements of the 1972 and 1977 Decrees until the proprietor's application for citizenship was rejected in 1979. The company was finally transferred to another member of the Shour family who is involved in manufacturing.

Thirty-five citizens of OAU held ₦16,437,800 worth of shares.

Even more substantial has been the participation by the Northern States and the Federal governments. Combined State participation amounts to ₦53,719,380 in 48 companies with an authorised capital of ₦74,310,221. However, in spite of the extent of private and public indigenous participation which has already occurred, and the successful efforts made by alien proprietors to retain their shares, in 1985 ₦10,083,264¹ worth of shares and 559,951 shares (not valued) held by 58 enterprises had still not been sold to comply with the 1977 NEPD. In addition 14 Schedule II and III enterprises raised their equity capital base by ₦8,141,166 so as to escape indigenisation, in compliance with the requirement of the NEPD. These companies had not paid dividends during the previous years, and so the cumulative dividends and profits may have accounted for a large part of the new capital.

There is, then, still some scope left for traditional businessmen to purchase shares, but no evidence of a concerted attempt to take advantage of this situation has been forthcoming. The inability of indigenous businessmen in commerce and the service sector to enter partnership with foreign capital reflects their low levels of education and an absence of support from the State and/or alien owners in obtaining access to the system of partnership, or simply a very weak financial base. In early studies some of them demonstrated mistrust of partnership in general.³⁵ Teriba et al. suggest that the psychological sense of mastery of one's own business has been too strong among many traditional Nigerian businessmen. Another explanation they give is the cumbersome bureaucratic procedures which discourage one-man businesses from entering partnership.³⁶ All of these factors revolve around an inability to organise effectively. Further, traditional businessmen cannot hope to match the monopoly of relevant information effectively wielded by ex-State officials who come into

contact with foreign investors. The ex-State officials are endowed with modern administrative and organisational skills, and above all are familiar with the modern international business language - English, unlike the traditional Nigerian entrepreneurs, particularly those in the North. Many of the latter operate within the limits of a local market and do not travel widely enough to absorb new techniques and values so as to expand the scope of their business activities.

The traditional Nigerian businessmen are able neither to coherently and rationally articulate their case for State assistance nor to appreciate the most effective methods of exerting pressure on the alliance of foreign capital, State capital, and a section of private indigenous capital. It should be recalled that there were no appreciable efforts by some of the State Chambers of Commerce to persuade the government to relinquish shares to their members, and this has allowed the States to continue to hold shares. State ownership - granted also the support of the NLC, interested in job security for its members - is indeed likely to remain one pillar of the alliance system for some time to come.

By way of contrast with the failings and weakness of traditional commercial businessmen, the organised strength of the educated elite with a public service background, and those involved in the manufacturing sector, in particular MAN, will be looked at in the next section.

(v) The Manufacturers' Association of Nigeria

The importance of differentiation of local capital is reflected in the policies of the State which favour different fractions of capital (including foreign capital) at different times.³⁷ For Collins, the role of the Nigerian State, "expressed in public policy", is complex, and involves the interplay of sectional group and class interest . . . The role of the State in practice is at the very least a variable one."³⁸ The actions of State are by implication determined by the relative strengths of the several interests involved, and the

time and circumstances in which the State conceives and then tries to implement its several policies.

Most important of the private business organisations is the Manufacturers' Association of Nigeria (M.A.N.), which represents the interest of foreign as well as indigenous manufacturers in Nigeria, and takes part in periodic (i.e. bi-monthly) consultations with officials of State. It is important to examine the activities of M.A.N. to show what an organised business group can, unlike the traditional African businessmen who are weakly represented by State Chambers, achieve in Nigeria.

The Manufacturers' Association of Nigeria was established in May 1971.³⁹ Its membership rose from 110 in 1971 to 780 industrial firms, which are mainly found in Schedules II and III. The membership remains open to established firms with ten or more persons in its employment and engaged in manufacturing activity. With an annual membership subscription of between ₦500 and ₦5000 (depending on the members' capital size and annual turnover), 40% of its revenue is spent on publicity, advertisement and lobbying, including the entertainment of selected government officials. The central objective of the Association is to provide manufacturers with means of influencing government policy and to operate in conjunction with such organisations as Nigerian Association of Chambers of Commerce, Mines and Agriculture (NACCIMA) and Nigerian Employers' Consultative Association (NECA) on matters of common interest.

M.A.N. has contributed memoranda in the clarification of the NEPD (1972). It is a member of various policy formulating bodies related to the economy strongly represented on inter-ministerial committee, the Industrial Development Coordination Committee (IDCC), which comprises representatives of the Federal Ministries of Commerce and Industry, Finance, Internal Affairs, National Planning, Agriculture,

Health, External Affairs, Mines and Power, Science and Technology, Housing and Environment and the Cabinet Office. The IDCC functions to coordinate and develop the industrial sector of the economy, and facilitates the granting of approvals and administers incentives. Virtually every major government ministry is represented in the IDCC, which gives to M.A.N. an opportunity to communicate the needs of its members to all relevant government officers.

The participation of M.A.N. is not restricted to IDCC, it also sits on productivity, price and incomes board, Nigerian Shippers Council, Nigerian Standard Organisation, Nigerian Export Promotion Council, Industrial Training Fund, and Boards of Federal polytechnics and the NEPC (Lagos). It participates in State government industrial committees and submits memorandum on issues related to industry. These are but a few of the more formal channels through which manufacturers are able to attempt to influence government policy.

M.A.N. functions specifically to serve the interest of manufacturers, but its members also belong to other closely related organisations, chiefly NACCIMA and NECA. NACCIMA in particular represents Schedule I and II enterprises such as in construction, and distribution which includes some members of large Schedule II and III enterprises. These Associations have "interlocking membership"⁴⁰ with M.A.N. because many of the large public companies such as UAC, UTC, SCDA and John Holt which have branches in most States of the Federation are allowed to operate at both commercial and manufacturing levels.

The president of M.A.N., Chief Oduto¹ba of Oduto¹ba Tyresole Co. Ltd., said in answer to a question about his views on the NEPD 1972:

"As far back as July 1971 the Manufacturers' Association of Nigeria in a memorandum addressed to the Federal Ministry of Industries, four other Federal Ministers and the Central Bank expressed our support of the then proposed Decree on indigenisation. This position remains unchanged

after the publication of the Decree especially as we note from an initial study of the Decree that many of the suggestions and recommendations in our 1971 memorandum have been incorporated in the Decree. It is in the best interest of the private sector and the economy as a whole that the Decree should be efficiently implemented . . ."⁴¹

The memoranda in question were correspondence between M A N and NEPB in June, July and September of 1972, which dealt with questions about vagueness in the 1972 Decree.

For instance, M A N asked the Board to clarify the position of a company that grows, processes and cans agricultural products. Where a company manufactures metal containers for its own use, (which is Schedule II activity), the Board was asked to clarify whether the company should sever this aspect of its activity. Similarly, shipping, stevedoring, clearing and forwarding are parts of the same industry, but the parts are classified differently. Advertising and public relations, road haulage or the distribution of a manufacturer's products or imported allied products are all areas which M A N wanted the NEPB to clarify. M A N wanted a clearer definition of wholesale distribution - whether it be restricted to buying and selling, or alternatively include processing prior to sale. Further areas found to be vague by M A N are Schedule I item (3) "component", Schedule I item (a) "other places of entertainment", Schedule I item (14) "related articles of jewellery" and Schedule II item (33) "whole distribution". As can be seen, M A N 's concern is not only restricted to manufacturers' interests alone. In its efforts to protect the manufacturers' interest, it also indirectly protects the interest of the distributive and processing sectors, where most of the major manufacturers are in any case engaged.

M A N also raised questions about companies which were not covered by the classifications of the 1972 NEPD, and how they were to

conform with the 1970/74 National Development Plan. The plan states: "the government will encourage nationwide equity participation in all manufacturing industries." Already the prospect of a Schedule III (which was to be introduced in the 1977 NEPD) was embedded in MAN's memorandum of 1972 to the NEPB.

The queries raised by MAN led to a meeting with NEPB officials which gave MAN the opportunity to both clarify its questions and provide some recommendations, which were later accepted by the NEPB. Two such recommendations were to take steps to develop manpower and create credit facilities for effective implementation, and a strong machinery to ensure 40% indigenous participation in Schedule II enterprises on a continual basis. Both the management training board and the NBCI were set up in 1973. Statements from representatives of business firms, Associations, and documentary evidence confirm that many of the suggestions which they offered to the Federal government were accepted and incorporated in the indigenisation Decree.

The interest of NACCIMA, representative of the commercial and service sectors of the economy, and MAN often overlap because of the dual activities of some of the large manufacturing firms. Therefore the distinction between the manufacturers and the commercial sector should not be over-emphasised, as far as the large national organised groups are concerned. An interview with officials of MAN in 1985 revealed that though there are some latent sources of conflict among members who represent technical, commercial and other aspects of manufacturing interests, open conflict surfaces only occasionally.

Most pronounced are conflicts between, on the one side, the commercial and manufacturing sectors, and on the other side those business organisations that represent, for example, services industries such as transporters. Indigenous business groups compete amongst themselves

for State benefits and for partnership with foreign capital. This was typified by the conflict which occurred in 1972 between the Nigerian Chamber of Commerce and Industries (NCCI) and the Nigerian Chamber of Indigenous Contractors (NCIC), over the government's policy on expatriate quota allocations.⁴² In the construction boom of the 1970s, when large contracts were awarded to indigenous and foreign companies, government attempts to restrict expatriate allocations were hardly welcome to indigenous contractors who depended on expatriates for the execution of the contracts.

Perhaps nowhere is the relationship between the manufacturing sector and other sectors of the economy more controversial than in the case of distributors of manufactured goods. Distribution is an area reserved exclusively for Nigerians, with the exception of a few Schedule II and III companies that have operational bases in almost every State of the Federation.

(vi) Manufacturers and Distributors

Attention has already been given in other studies to the relationship between the manufacturing sector and the distributive network in other countries. Peter Evans (in "Dependent Development") portrayed the distributive system in Brazil as a source of strength for local capital. In Nigeria, however, the reservation of distributive agencies to indigenous businessmen could prove to be a source of potential weakness for the alliance between foreign and indigenous capital, and pose a threat to efficient production and distribution. In recent years, both public disquiet and official discontent ^{have} ~~has~~ been directed even against manufacturers because of their acquiescence in the behaviour of distributors, accusing both parties of "greed". The image of the former is tarnished by the reputation of the latter. The NLC also expressed concern about the role of middlemen in the Nigerian economy, most notably in December 1983.

The flaws in the Nigerian distributive system are acknowledged in official circles. In 1983, the Governor of CBN, A. Ahmed, said:

"I would . . . like to touch . . . the fate of the consumers of Nigerian manufacturers, who are made to pay exorbitant . . . prices, even where there are no shortages. This practice is a product of our peculiar distributive system. A distributive system that guarantees higher profit margins to the middlemen than to the producers needs to be re-examined. It is also paradoxical that producers either covertly or overtly nurture and protect such a system. Even where producers of branded products advertise retail prices, distributors and retailers insist on a different set of prices far above the advertised ones. This type of situation is sustainable only because, very often buyers are not allowed direct access to producers . . ." ⁴³

The 8th progress report of the NEPB (1983) throws more light on the defects of Nigeria's system of distributing manufactured products. The report identifies a very limited and geographically restricted concentration of distributive agents who serve well beyond their State of origin. In turn, sub-distributors are appointed who in turn make-up the price. The extra profit made in this extended system of distributorship is an additional revenue for the sole distributor companies who are also paid commission by the manufacturers. Both manufacturers and distributors benefit from the extended system of distribution, and it is the final consumer who pays the inflated price.

The Board has observed that most of the large companies which complied with "Section 7 (1) of the 1977 Indigenisation Decree (e.g. SCOA, CFAO, UAC) are engaged in distribution of locally produced goods and are . . . guilty when it comes to the question of greed to remain as sole distributors of some manufacturing companies." ⁴⁴ The tendency of sole distributors to monopolise other companies' products is also noted. The report further observed that even when manufacturing firms appoint Nigerian individuals and associations as distributors, usually they are allocated only a token number of products. The bulk goes to expatriate distributors at a lesser price, and in most cases with credits

on soft terms. Accordingly, the Board urged that the NEPCs take over distributorships, although the Federal government is unlikely to countenance such a move given its general ideological commitment to capitalism and the opposition of organised business pressures.

If the industrial capitalists tried to remove the middlemen so as to improve their own reputation, then they would be attacking a significant group which, by ensuring that distribution agencies remain in private hands, adds some ideological legitimacy to the indigenous capitalist system. In this sense, the distributors embrace the interests of private manufacturers. Transnational firms which have less than ₦25 million annual turnover and operate in less than 10 States of the Federation are not allowed by the 1977 NEPD to become involved in distribution. Thus, in the absence of other alternative distributors, manufacturing firms are unlikely to welcome any proposals for a State monopoly of distributive services.⁴⁵ Defective though it is, the private distribution system is likely to remain.

In conclusion to this chapter, the evidence from Kano, at least, suggests that there is a latent frustration among some of the leadership of the private indigenous business community because of their inability to acquire shares in manufacturing and commercial firms which come under the Decrees. How long can the partnership introduced by the indigenisation exercise remain the exclusive preserve of the existing members of the alliance? Increasing demands from sections of the business sectors and elsewhere for a renewed squeeze on foreign capital, owing to their exclusion from the direct benefits of indigenisation up until now, are bound to run into objections from those other sections of the business community which wish to retain the consolidated partnership with aliens and foreign capital, and who have even called for the relaxation of existing indigenisation measures. The balance of political influence among these different socio-economic groups cannot be evaluated in isolation from the nation's

financial environment. For an extension of indigenisation will only become possible if the financial position of the State becomes again as strong as it was in the 1970s, and if a regime with a strong commitment to "economic independence" occupies political power. For the time being, indigenisation may have resolved the conflict of interest between foreign capital and one important section of domestic capital, but other sections remain still to be satisfied. In so far as new measures to promote further indigenisation exist as a future possibility, foreign investors will have to continue to seek security by associating with private domestic capital and with the State.

Notes and References

Chapter 8

1. The term "post-colonial State" is a term coined to refer to the peripheral States of the Third World which at one time experienced colonial rule, and it applies to most of those societies that are characterised in a loose sense as economically backward. What is most significant about these societies is not so much their colonial past as the relative underdevelopment which is currently peculiar to those societies, and which has been, according to some writers, at least in part engendered by the colonial experience. However, there are internal differences between the various ex-colonial societies which are not necessarily associated with the colonial experience. Each peripheral society has its own unique characteristics and history, and so an indiscriminating use of such terms as "post-colonial" can be misleading. General theorisation may have little value if specific case studies are not conducted and the detailed results fully taken into account. The specific case of Nigeria helps to illustrate the difficulties of generalising about post-colonial States.
2. CBN Economic and Financial Review volume 9 number 1, June 1971 - "Foreign private investment in 1967 and 1968" p. 9.
3. CBN Economic and Financial Review volume 11 June 1973 - "Foreign private investment in 1969 and 1970" p. 14-16.
4. CBN Economic and Financial Review volume 14, number 1, March 1976 - "Foreign private investment in Nigeria 1971-73" p. 25.
5. Kaplinsky, R. - "Capitalist Accumulation in the periphery: Kenya" - in Industry and Accumulation in Africa edited by M. Fransman (Heinemann London) 1982 p. 207.

6. Paul Collins reported that Langdon (1980) shares the same view - see Collins- "The State and Industrial Capitalism in West Africa" - in Development and Change volume 14, number 3, July 1981.
7. Paul Kennedy, for example, stresses the importance of State assistance to Ghanaian businessmen, although he fails to note the limits of such assistance. See Kennedy - "Indigenous Capitalism in Ghana" - in Review of African Political Economy number 8, January-April 1977, p. 31.
8. The industries in this scheme are those with less than ₦150,000 investment.
9. Federal Republic of Nigeria - Small Scale Industries Credit Scheme - (Small Industries Division Federal Ministry of Industry Lagos, not dated), p. 10.
10. Fadahunsi, A. - "Industrialisation in Nigeria 1960-80 policy, strategy and perspective", unpublished paper, 12/11/81 - Council for Social and Economic Research Staff.
11. Those industries include: Enamel ware, shoes, flour mill, oil mill, wire, nails and bolts, furniture, clay bricks, engineering and tomato paste processing.
12. Similarly in Kano State, out of 218 "main businessmen" only 24 are engaged in industrial production. The rest (194) are classified as "contractor", "textile dealer", general trading, "transporter", general merchant and export - see Kano State Commercial and Industrial Handbook - Ministry of Trade, Industry and Cooperatives, Kano State (not dated).

13. For a detailed study of Nigerian Engineering industries, see Moore, F.T. - "A Review of the Engineering Industries in Nigeria" - The World Bank International Corporation Office Memorandum - Industry Department, 16/8/83.
14. NEPB - Minutes of the Second Annual Meeting of the Executive Chairman of the NEPB and the Secretaries of the NEPCs (9/8/82), p. 6.
15. Nigerian Industrial Development Bank 1979 Annual Report and Accounts.
16. In 1973 perishable consumer products alone accounted for 42% of the total value added in the manufacturing sector. In contrast intermediate and capital goods contributed only 7%.
17. Only in Plateau State have local government councils been allotted shares. Fourteen councils there have acquired 12.73% or ₦700,000 of one company, and this sum is also included in the figure given as State capital in 1980.
18. Several CBN Reports since 1980 have shown a decline in indigenous employment in the manufacturing sector. See for example the CBN Economic and Financial Review volume 19, number 2, December 1981.
19. Collins, P. "The State and Industrial Capitalism in West Africa" - Development and Change volume 14, number 3, July 1981, p. 422.
20. NEPB, 1983 Annual (8th) Progress Report on the Implementation of the Nigerian Enterprises Promotion Decree 1977, p. 7-10.
21. Kirkpatrick, C. and Nixon, F. - "Transnational Corporations and Economic Development" - Journal of Modern African Studies volume 19 Number 3 1981 p. 368.

22. Beckman, B. - "State and Capitalist Development in Nigeria" - Review of African Political Economy number 23 January/April 1982, p. 39.
23. Evans, P. - Dependent Development: the Alliance of Multinational, State and Local Capital in Brazil - (Princeton University Press, New Jersey) 1979 , p. 280.
24. Ibid. p. 281.
25. Collins, P. op. cit. p. 422.
26. Ibid. p. 422.
27. See Minutes of the Second Meeting of the Executive Chairman Nigerian Enterprises Promotion Board and of the Chairman and Secretaries of State Enterprises Promotion Committees held in Sokoto, on 9/8/82, p. 15.
28. The UAC and other large companies which rely on efficient Clearing, Forwarding and delivery were anxious to see that they are not adversely affected by the indigenisation of Clearing and Forwarding, and accordingly made a successful representation to the Federal Commissioner of Industry to reclassify the latter, as early as 1973.
29. Adejugbe, M. "The Myths and Realities of Nigeria's Business Indigenisation" - Development and Change, volume 15, number 4 October 1984, p. 589.
30. Ibid. p. 589.
31. Most of the companies' shares are valued at ₦2 each.
32. In Nigeria most public company directors have public service background.

33. Teriba, O. et al. The Structure of Manufacturing Industry in Nigeria (Ibadan University press Ibadan)1981 p. 95.
34. ~~Kiffe~~^{Mife}, J. The Emergence of African Capitalism (The Anstey Memorial Lectures in the University of Kent at Canterbury 10-13 May 1982, Macmillan, London 1983), p. 68.
35. See Schatz, S.P. and Edokpayi - "Economic attitudes of Nigerian businessmen" - Nigerian Journal of Economic and Social Studies volume 4, number 3, November 1966, p. 403-425.
36. Teriba, O. et al. op. cit. p. 87.
37. Collins, P. op. cit. p. 419.
38. Ibid. p. 418-9.
39. It is worth noting that many of the professional and business organisations such as Lagos Chamber of Commerce, Industries and Mines, M A N and Indigenous Contractors Associations were formed by expatriate investors and representatives and had very limited indigenous membership. However, towards the early 1970s, when there was increasing government pressure for more indigenous participation in the economy, expatriate officials of such companies as the UAC began to withdraw to the background (though not entirely) and nominated and elected indigenous businessmen to run the business Associations.
40. M A N - 11th Annual General Meeting February 26th 1982 (Lagos 1982) p. 8.
41. An interview with Chief Odutola quoted in Afriscopes, June 1972, p. 15.

42. New Nigerian (Kaduna) editorials of 15/9/72 and 4/10/72.
43. Reported in the New Nigerian (Kaduna) 11/4/83.
44. NEPB, 8th Progress Report.
45. Some distributors are also shareholders in the manufacturing firms and they are strongly placed to resist government takeover of the distributive sector.

Conclusion

Indigenisation and the Enterprises Promotion Decrees in Nigeria have sought to bring about a change in the ownership of commercial and industrial establishments in the country. The State has attempted to redirect foreign investment and to increase indigenous participation generally in the economy. Thus in seeking these objectives the State has not only attempted to bar whole and partial foreign ownership and activity in certain types of enterprise, but also has actually encouraged foreign and domestic capital partnership where necessary for the long term acquisition of technological and managerial skills.

Indigenisation policy came, under the banner of "economic independence", to promote public and private domestic capital. This benefitted not only private indigenous businessmen but also the country's military/bureaucratic personnel and, later, its civilian politicians. To a large extent, indigenisation policy can be seen as a method of redistributing extensive parts of already existing foreign investment to certain sections of the Nigerian population.

In studying Nigeria's indigenisation and the policy of promoting private indigenous enterprise, a variety of inter-related themes have been developed and discussed. What broadly emerges is the clear message that Nigeria's indigenisation policy has transferred large portions of the economy into the hands of the public and private indigenous sectors. But indigenisation policy is totally inadequate as a strategy for economic independence and national development. Large foreign shares remain well consolidated by virtue of opportunities for new management contracts, trade, and the security offered in the new system of alliances which has included politically influential domestic partners.

From a historical standpoint indigenisation in Nigeria was a reaction to the dominating presence of foreign business and political interests in the territories of what was to become modern Nigeria.

The reaction first came from traditional rulers, indigenous merchants, traders, workers and nationalist leaders and their parties. But in spite of a general agitation for greater equality of opportunity in the economic and administrative spheres, during the colonial period, little was achieved until after the gaining of political independence in 1960. That led to administrative and economic opportunities being made available on a much greater scale to educated Africans.

In the first six years after independence, Nigeria was to be ruled by a party political leadership that clearly identified its interests and the interests of the country with private enterprise. To this end, it encouraged foreign investment under generous incentives, in the pursuit of industrialisation. Although the leadership intended both foreign and private domestic capital to thrive, the balance in the economy was heavily biased against indigenes. However, occasional official statements and parliamentary debates reflected a strong desire to push foreign capital out of the commercial and service sectors in favour of indigenous entrepreneurs. The parliamentary debates also showed the opposition party's willingness to consider nationalisation.

However, the tension created by the politics of inter-personal, inter-regional and intra-regional distribution of power and resources was to lead to the collapse of parliamentary democracy in Nigeria, at the beginning of 1966. On the 15th of January 1966, the Nigerian Military swept the politicians out of office and assumed direct rule. By 1967, Nigeria was plunged into a civil war which lasted for thirty months. The country emerged from the war with new perspectives on its economic relations with the outside world and a growing aspiration for continental leadership. The changes in official thinking coincided with a foreseeable rise in the financial fortunes of the State, based on sales of crude oil abroad. The launching pad for indigenisation

was laid by the traumatic experience of the Civil War, which provided the psychological predisposition of the officials. But the increase in State oil revenues was to play the most vital part.

The method chosen by the military authorities immediately after the war in their search for "economic independence" could equally well have been chosen by their predecessors. Occasional measures of nationalisation, in such sectors as the oil industry were not part of a well thought-out long-term plan. The same arguments of national security were deployed by the government to indigenise the commercial and industrial sectors of the economy in the 1972 NEPD. By 1974, the country had witnessed the start of a significant move towards indigenous ownership and joint ventures between domestic and foreign capital.

Despite the failures and shortcomings in the implementation of the 1972 and 1977 NEPDs a substantial part of foreign businesses had been acquired by indigenous businessmen and their military/bureaucratic patrons by the end of the 1970s.

Politically, the NEPDs have demonstrated that indigenous businessmen can successfully lobby the Nigerian State to take a purportedly "nationalist" stance against foreign businesses. Furthermore, the inside information, and the knowledge both about government policy and the methods of acquiring shares which were made available to officials of the State, has led to a significant participation by ex-public servants in the fruits of indigenisation. This was particularly made possible by foreign firms who have preferred partnership with politically influential citizens. The prominence of the public officials and the opportunities which they seized from the indigenisation exercise were resented by many of the businessmen we have spoken to. Interestingly, resentment is also expressed by some NEPB officials and a few members of the intelligentsia. No less

than two-thirds of the 35 people interviewed in questionnaire I category were critical of the role played by active civil servants.

Socially, the polarisation of society, class formation and growing inequality of income has become even deeper than before. Labour unions were not appeased by a partial and unrealistic attempt to involve them in the indigenisation. Industrial disputes have continued, with private employers becoming ever more dependent on the State to control labour. The State itself has become an employer in the private sector, because of its partnership with private domestic and foreign capital, and so can directly exercise control.

The economic consequences of indigenisation are also self-evident. Nigeria has shown the weakness of its indigenisation, which is based on financial wealth from oil. In the 1980s oil has proven to be an unreliable source of government revenue and national income and foreign exchange.

Declines in industrial production, inefficiency, a lack of private indigenous interest in certain indigenised sectors, and a continuing dependence by indigenous industrialists on external sources of raw material, spare parts and other essentials, all raise serious doubts about the ability of the economy at the current stage of its indigenisation to perform adequately. Those to whom ownership has been transferred have amply demonstrated their inability to deliver potential benefits of indigenisation in the form of greater employment opportunities, foreign exchange conservation, or the production of cheaply priced consumer goods. In the wake of declining oil revenues, the tendency of the government between 1980 and 1984 has been to reinvite foreign capital once again to some of the areas from which it had been totally or partially excluded in 1972/74 and 1977/79.

The burden of poor economic performance imposed by private indigenous ownership is likely to persist until substantial foreign

investment is made, in partnership with the State, in those areas already designated to the indigenous private sector.

Many of the officially stated primary objectives of indigenisation have not yet been achieved. Neither have some of the more secondary implied aims, such as the aspiration to continental economic (and political) leadership. Such a lead could perhaps be achieved by a shift from a mere import substitution industrialisation to State-foreign ventures with a greater emphasis on export-promotion. However, a viable export-based economy cannot be one that depends entirely on external factors of production. At least a major percentage of such factors must be domestically sourced. If the government can succeed in encouraging both the private and public sector industries in this direction, Nigeria will develop a strong market within Africa and particularly among ECOWAS members. This could be a useful step towards a strong political role for Nigeria in the affairs of black Africa as a whole.

Export promotion, a restraint on imports and an overall concern for the country's balance of payment position might also encourage foreign capital investors to concentrate in areas of the Nigerian economy that are most beneficial to Nigeria. Once this pattern of investment begins to take place, the continuing costs of random foreign capital investment would be reduced.

The illusion of indigenisation in Nigeria, which professed to bring economic independence, self-sufficiency, and the eventual betterment of the standard of living of Nigerians has turned out to be notⁿ a transformation but an economic rearrangement in which the military/bureaucrats and their business clients, who together designed and executed the Decrees, have come to be placed in a more privileged position than ever before. The lesson is that economic independence and self-sufficiency cannot come by reallocating resources to the

hands of aspiring indigenous capitalists who have neither the ability nor the outlook required to involve the mass of the people of Nigeria in the ownership and management of the economy. To seek genuine independence is to go against the interests of such a privileged group. Hence any initiative to transform the economy in a manner that is sincerely aimed at economic independence must come from somewhere else.

Indigenisation has left out of the immediate direct benefits workers, peasants and of course petty traders, retailers and the mass of government employees. In these circumstances, it is likely that increasing pressure will come first from some of the more articulate and well organised among the excluded groups, not for greater equity as such, but instead for greater access to the opportunities for private individual and group gain. Some professional bodies have already demonstrated an ability to press their interests sufficiently well to secure legislation that meets their demands, restricting foreign competitors in their fields. However, the same cannot be said of the aggregate mass of the population.

The implementation of the indigenisation Decrees contains its own seeds of potential future conflict. First, the concentration of benefits in the southern region - particularly Lagos and to some extent Kano, is already responsible for discontent in other parts of the country. In the absence of further indigenisable foreign firms which could cushion sectional pressures, those shares which have already been acquired by the State and Federal governments may have to be relinquished to the private sector. Publicly owned parastatals already perceive themselves to be under threat of privatisation. Such a threatened move is seen in some circles, particularly the southern States, as an attempt by the present politically dominant northern elite to restore the economic imbalance between the North and the South which was created in the early stages of indigenisation.

If significant denationalisation does take place under the present or a future government, then sectional manoeuvring by the inheritors of Nigeria's ethnic and regional politics may come to be increasingly interpreted by observers in terms of a class-based framework of analysis. After all, political leaders such as Dr. N. Azikiwe and Chief O. Awolowo have already portrayed central issues of Nigeria's past political economy in a class light. An example is the Enugu Mine workers' strike in 1948.

The main weakness of indigenisation policy will lie in the growing awareness of workers and other groups of their own relative deprivation, which has been heightened by indigenisation. Their protest is already manifest in strikes, and some support is given in columns of the national newspapers which complain of injustice and inequality in Nigeria's society. Indigenisation has tended to sharpen the consciousness of this large section of the excluded majority, and has generated widespread resentment against the military/bureaucratic group which up till now has shown indifference and tolerance of radical socio-economic and political demands.

The Nigerian military régimes have been fairly liberal and non-repressive compared to their counterparts in many of the Latin American countries, but the contrast can be easily explained. The absence of a well organised and serious challenge to the policies pursued by successive Nigerian régimes has allowed Nigerian régimes to tread the softer path. However, in the current stage of Nigeria's development it is difficult to envisage the early consolidation of a radical popular social and economic force which can pose a serious alternative to the government's typically capitalist policies, despite the occasional agitations for better pay by the tiny industrial working class. Hence reformist and incremental recommendations are at present the most realistic improvements to suggest.

Some suggestions have already been made to improve the NEPD - particularly in Chapters six and seven above. For example, it has been argued that the utilisation of the National Provident Fund in the buying of shares would allow workers to participate in the benefits of indigenisation. It has also been suggested that, where indigenised firms continue to remain inefficient, the State should step in to reorganise the ownership structure and increase greater public participation. Those private indigenous firms which perform badly should not qualify for government promotion and assistance, although private domestic firms which are complementary to other domestic industries should be given encouragement. A limited public participation in the intermediate industrial establishments is desirable; and it is imperative that the State play a greater role in developing capital-intensive and large industrial establishments.

Nigeria's industrialisation has intensified dependence on external factors, and as a result foreign borrowing for the importation of both capital and consumption goods has led to the sort of large public sector deficits which Nigeria is currently experiencing. The technological base of the Nigerian economy has been shown to be totally inadequate in relation to the extent to which the economy has been indigenised in the pursuit of "economic independence". The private indigenous sector has proven itself ineffectual as a pioneer of technological innovation.

An alternative to this emphasis on private indigenous capital which so far has failed Nigeria so badly would be to allow greater foreign industrial capital investment in partnership with the State. The cultivation of such a link as this would, of course, have to be matched by a strong commitment to containing corruption and enforcing public accountability. In time to come, when joint public ventures

have developed a capacity to operate independently of external assistance, and when a greater mastery of modern technology has been achieved, the government could then choose to pursue a selective measure of further nationalisation of the foreign shares.

However, the alternative is merely hypothetical, for both external and internal political opposition to such a strategy in Nigeria could be expected. There is every possibility that Nigerian government and politics will continue to be elite-dominated; and whether military or civilian, the elites have in the past shown no inclination to seriously entertain socialist policies. Furthermore it would be unrealistic to expect strong pressures from below for such policies. Voting behaviour in general elections in the past has been heavily influenced by regional and ethnic and religious affiliations, not by principles of an ideological sort. In the 1979 elections for the Senate and the House of Representatives the Unity Party of Nigeria (UPN) was explicitly in favour of more indigenisation, and became the second largest party in terms of seats won. The Peoples' Redemption Party was the only party to canvas on a left-wing ticket, and it won only 7 seats (out of 95) in the Senate and 49 seats (out of 449) in the House of Representatives.

Thus the suggestion that private sector participation be reversed or restricted in those firms which have already been partially indigenised, is unlikely to be adopted by any government which conforms to the types of capitalist-oriented political regime which have ruled Nigeria since independence. The inequity throughout society which has been fostered by the main economic decisions of pro-business and self-centred civilian and military/bureaucratic governments has come to be rationalised and legitimated. It is accepted in far too many areas as a necessary feature of any path to development which complies with the parameters of indigenous capitalism. Each successive regime has either strengthened

the private indigenous hand in the economy, or partially lapsed into the previous forms of reliance on foreign capital investment, usually under pressure or by default rather than by design. Nigeria appears for the time being anyway, to be locked into a self-defeating cycle of indigenisation, de-indigenisation and re-indigenisation.

APPENDIX A

Supplement to Official Gazette Extraordinary No. 10, Vol. 59, 28th February, 1972—Part A

NIGERIAN ENTERPRISES PROMOTION DECREE 1972



ARRANGEMENT OF SECTIONS

<p><i>Sections</i></p> <p style="text-align: center;"><i>General</i></p> <ol style="list-style-type: none"> 1. Establishment of Enterprises Promotion Board, etc. 2. Establishment of Enterprises Promotion Committees, etc. 3. Supplementary provisions as to proceedings, etc. of the Board and of a State committee. <p style="text-align: center;"><i>Promotion of Nigerian Enterprises</i></p> <ol style="list-style-type: none"> 4. Enterprises exclusively reserved for Nigerians. 5. Enterprises partially barred to aliens. 6. Inspectors of enterprises. 7. Supply of information. 8. Alteration of the lists of enterprises. 9. Exemptions. 	<p style="text-align: center;"><i>Offences and Penalties</i></p> <ol style="list-style-type: none"> 10. Penalty for acting as a front. 11. Offences and penalties. 12. Additional penalty for contravention of sections 4 and 5 above. <p style="text-align: center;"><i>Supplementary and Miscellaneous</i></p> <ol style="list-style-type: none"> 13. Regulations and reports. 14. Right to petition. 15. Exclusion of rights. 16. Interpretation. 17. Citation and extent. <p style="text-align: center;">SCHEDULES</p> <p>Schedule 1—Enterprises exclusively reserved.</p> <p>Schedule 2—Enterprises barred to aliens under certain conditions.</p>
---	--

Decree No. 4

[23rd February 1972]

Commencement.

THE FEDERAL MILITARY GOVERNMENT hereby decrees as follows:—

General

1.—(1) There is hereby established a body to be known as the Nigerian Enterprises Promotion Board (in this Decree hereafter referred to as "the Board") which shall have and may exercise such functions as may be conferred on it by or under this Decree.

Establishment of Enterprises Promotion Board, etc.

(2) The Board shall have general power to advance and develop the promotion of enterprises in which citizens of Nigeria shall participate fully and play a dominant role and in particular, without prejudice to the generality of the foregoing, the Board shall have power—

(a) to advise the Commissioner on clearly defined policy guide-lines for the promotion of Nigerian enterprises;

(b) to determine any matter relating to business enterprises in Nigeria generally in respect of commerce and industry that may be referred

to it in accordance with any directive of the Commissioner, and to make such recommendations as may be necessary on those matters in such manner as may be directed by the Commissioner; and

(c) to perform such other functions as the Commissioner may determine, or as may be conferred on it by this Decree or any other enactment,

so however, that in the exercise of any power or the performance of any function by or under this Decree the Board shall not act, in relation to any of the enterprises specified in Schedule 1 or 2 to this Decree which is purely a commercial undertaking, except on the advice of the Permanent Secretary, Federal Ministry of Trade.

(3) The members of the Board shall be appointed by the Commissioner and shall comprise—

(a) the Permanent Secretary, Federal Ministry of Industries, who shall be the Chairman;

(b) one representative each of the following Federal Ministries, that is—

(i) Trade;

(ii) Finance;

(iii) Economic Development and Reconstruction; and

(iv) Internal Affairs; and

(c) three representatives of development or investment agencies incorporated in Nigeria.

(4) There shall be a Secretary to the Board who shall be an officer in the Federal Ministry of Industries.

(5) The Board shall have power to co-opt any person to attend its meetings.

(6) A member of the Board shall hold office for such period as may be specified in the instrument of appointment.

Establishment of Enterprises Promotion Committees, etc.

2.—(1) There is hereby established for each State a Nigerian Enterprises Promotion Committee (hereafter in this Decree referred to as "the committee").

(2) The committee in each State shall consist of—

(a) the Permanent Secretary responsible for industries in the State who shall be the chairman of the committee;

(b) an officer in the Ministry of Trade;

(c) the Registrar of Co-operative Societies;

(d) three other persons to be appointed by the State Commissioner or State Commissioners, as the case may be, for trade and industries, and members of such committee shall hold office for such period as may be directed by the Military Governor of the State.

(3) The committee shall have power to co-opt any person to attend its meetings.

(4) The secretary of the committee shall be an officer in the Ministry of Trade or Industry of the State or any other fit and competent person in the public service of the State appointed by the Military Governor of that State.

(5) The principal function of the committee shall be—

(a) to assist and advise the Board on the implementation of this Decree;

(b) to ensure that the provisions of this Decree shall be complied with by any alien resident or carrying on business in the State;

(c) to recommend to the Board such other measures as may be necessary in the opinion of the committee to enable full effect to be given to the provisions of this Decree; and

(d) to perform such other functions as may be assigned to it by the Board.

(6) If in any State any office mentioned in this section does not exist or is combined with another office the reference in any paragraph to the office mentioned therein shall be construed as a reference to that office or the offices so combined in the State which in the opinion of the Military Governor most nearly corresponds to the office so mentioned, and the decision of the Military Governor in this regard and as to the number of members of the committee shall be final.

(7) In this section, the reference to the Military Governor of the State includes a reference to the Administrator of East-Central State.

3.—(1) Subject to such directions as may be given by the Commissioner, the Board or any committee established by this Decree may determine its own quorum, and may, subject as aforesaid, otherwise regulate its own proceedings.

Supplementary provisions as to proceedings, etc. of the Board and of a State committee.

(2) There may be paid to the members of the Board remuneration and allowances payable in accordance with the current regulations of the Government of the Federation.

(3) The validity of any proceedings of the Board or of any committee shall not be affected by—

(a) any vacancy in its membership,

(b) any defect in the appointment of any member, and

(c) the fact that a person not entitled to do so takes part in the proceedings of the Board or, as the case may be, of the committee.

(4) The expenses of the Board in the exercise of its functions shall be paid out of funds provided by the Government of the Federation.

Promotion of Nigerian Enterprises

4.—(1) All enterprises specified in Schedule 1 of this Decree are hereby, subject to the provisions of this Decree, exclusively reserved for Nigerian citizens or associations, and accordingly—

Enterprises exclusively reserved for Nigerians. Schedule 1.

(a) as from the appointed day, no person, other than a Nigerian citizen or association, shall be the owner or part owner of any such enterprise in Nigeria; and

(b) no alien enterprise on or after the date of commencement of this Decree shall be established in Nigeria.

(2) For the purposes of subsection 1 (b) above, an enterprise shall be deemed to be an "alien enterprise", unless the entire capital or proprietary interest, whether financial or otherwise, in the enterprise in so far as it concerns any of the enterprises in Schedule 1 below, is also owned and controlled by Nigerian citizens or associations.

(3) Nothing in this section shall, as from the date of commencement of this Decree and before the appointed day, preclude the sale or transfer by any person of any of the enterprises affected by this section.

5.—(1) All enterprises specified in Schedule 2 of this Decree are hereby, subject to the provisions of this Decree, barred to aliens, and accordingly, no alien shall, as from the appointed day, be the owner or part owner of any such enterprise—

Enterprises partially barred to aliens. Schedule 2.

(a) where—

(i) the paid-up share capital of the enterprise does not exceed £200,000, or

(ii) the turnover of the enterprise does not exceed £500,000, whichever the Board considers to be appropriate and applicable in relation to such enterprise; and

(b) if the paid-up share capital exceeds £200,000 or the said turnover exceeds £500,000 (whichever is appropriate and applicable), where the equity participation of Nigerian citizens or associations in the enterprise is less than 40 per cent, and

no alien enterprise shall be established, on and after the date of commencement of this Decree, as respects any of the said enterprises, or continue to be operated otherwise than as permitted under this Decree.

(2) For the purposes of subsection (1) above—

(a) the references to the "paid-up share capital" and the "turnover" of any enterprise relate to the paid-up share capital or the turnover of the enterprise, as reflected in the accounts submitted to the Federal Board of Inland Revenue for the purpose of income tax returns during the year of assessment 1968/69, 1969/70 and 1970/71 (whichever is the highest) or in the case of an enterprise established after 1st April 1971, subject as in subsection (1) above, from the year of assessment next following the year when such enterprise was established;

(b) "equity participation" means equity shares or other capital contributions; and

(c) an enterprise shall be deemed to be an alien enterprise—

(i) as respects the operation of subsection (1) (a) of this section, unless the paid-up share capital or proprietary interest, whether financial or otherwise, in the enterprise is also owned and controlled by Nigerian citizens or associations, and

(ii) as respects the operation of subsection (1) (b) of this section, unless the conditions therein stated regarding the equity participation of Nigerian citizens or associations in the enterprise are, as from the commencement of this Decree, complied with.

(3) Notwithstanding the foregoing provisions, an exemption may with the approval of the Federal Executive Council be granted in respect of any enterprise to which this section relates by the Commissioner—

(a) with a view to enabling any alien to comply with any of the conditions set out in subsection (1) (a) and (b) of this section; and

(b) on any application made to him within such period not being earlier than 4 months before the appointed day,

and the exemption may with such approval be granted, subject to such conditions as the Commissioner may on the recommendation of the Board specify, for an initial period of 6 months after the appointed day.

(4) Any exemption granted pursuant to the foregoing provisions may be renewed by the Commissioner on the recommendation of the Board and with the approval of the Federal Executive Council for a further period of not more than 6 months at a time on any subsequent application therefor.

Inspectors of enterprises.

6.—(1) Without prejudice to the operation of any other enactment, there shall be for the purposes of this Decree a number of inspectors of enterprises (in this Decree hereafter referred to as "inspectors") who shall be members of the public service of the Federation.

(2) The inspectors shall, subject to this section, have such powers and carry out such functions as the Commissioner may confer on them.

(3) Notwithstanding the foregoing subsection (2), for the purpose of carrying out any of their functions, such inspectors—

(a) shall have a right of access at all times as may be necessary to any building or premises where any enterprise is being carried on or which they reasonably suspect is being used for any purpose to which this Decree relates ;

(b) may inspect such building or premises, or business, in order to determine whether or not the building or premises is being used, or as the case may be the business is being carried on, for the purposes authorised by this Decree, and may require the production of all books of account or other documents and inspect them for ensuring that the provisions of this Decree are being complied with ; and

(c) shall be entitled to require from the directors or other officers of the enterprise such information and explanation as may be deemed necessary.

(4) Any person, who—

(a) without lawful excuse the proof of which shall lie on him—

(i) refuses to admit into his building or premises any inspector appointed under this section ; or

(ii) denies such inspector the right to inspect the building or premises or the business for the determination of the matter specified in subsection 3 (b) above ; or

(iii) refuses or neglects to give any information which any inspector may require from him ; or

(b) in respect of any request for information from any inspector, makes any statement which he knows to be false or which he has no reason to believe to be true ; or

(c) in any way obstructs any inspector in the discharge of such functions as may be conferred on him by this section ;

shall be guilty of an offence under this Decree.

7. The Board may by instrument in writing, notwithstanding section 6 (3) above, request any person to furnish such estimates, returns, or other information as may be specified, and he may by that instrument specify the time, manner and form in which such estimates, returns or information are to be furnished, and it shall be the duty of any such person to comply with the request.

Supply of information.

8. The Commissioner may as from the commencement of this Decree and before the appointed day or such other day as may be specified for the purposes of any particular order (or in respect of any enterprise), by an order published in the Federal Gazette with the prior approval of the Federal Executive Council—

Alteration of the lists of enterprises

(a) alter the list of enterprises specified, respectively, in Schedules 1 and 2 of this Decree by way of addition, substitution or deletion ;

(b) as specified in section 5 above, vary the amount of the paid-up share capital of the enterprise, the turnover of the enterprise, the extent of the equity participation of Nigerian citizens or associations in the enterprise, and the years of assessment which shall be applicable or any of those matters ; and

(c) make such different provisions in relation to different enterprises or as respects different areas of the Federation, and impose such terms and conditions as he may deem necessary.

Exemptions. 9. The Commissioner may, without prejudice to the powers exercisable under section 5 above and subject thereto, with the prior approval of the Federal Executive Council, by an order published in the Federal Gazette exempt any existing enterprise from all or any of the provisions of this Decree and may (subject as aforesaid and with such approval) impose in relation to any exemption such conditions as he may think fit.

Offences and Penalties

Penalty for acting as a front.

10.—(1) Any person, who—

(a) acts as a front or purports, for the purposes of defeating or in a manner likely to defeat the object of this Decree, to be the owner or part owner of any enterprise; or

(b) operates any enterprise for or on behalf of any alien who is under this Decree—

(i) not permitted to operate the enterprise; or

(ii) disqualified from operating the enterprise; or

(iii) not permitted to own or be part owner of such enterprise,

shall be guilty of an offence under this section, and shall be liable on conviction to a fine of £7,500 or to imprisonment for a term of 5 years or to both such fine and imprisonment.

(2) It shall not be lawful for any Nigerian citizen or association to employ, whether on full time or part time basis, any alien for the operation of any enterprise previously owned wholly or partly by that alien which the alien has disposed of pursuant to the provisions of this Decree, except with the written prior approval of the Federal Commissioner for Internal Affairs.

Offences and penalties.

11.—(1) Any person found guilty of any offence under this Decree for which no penalty is provided shall upon conviction be liable to a fine of £5,000 or be sentenced to imprisonment for 5 years or to both such fine and imprisonment.

(2) Any person who contravenes any of the provisions of this Decree shall, except as otherwise prescribed, be guilty of an offence and shall be sentenced upon conviction to a fine of £500 or to imprisonment for 3 years or to both such fine and imprisonment.

(3) Where any offence under this Decree is committed by a body of persons then—

(a) in the case of a body corporate, other than a partnership or other association, every director or officer of that body shall be deemed to be guilty of the offence;

(b) in the case of a partnership or other association, every partner or officer of that body shall be deemed to be guilty of the offence.

(4) No person shall, however, be deemed to be guilty of an offence under subsection (3) above, if he proves to the satisfaction of the court that the offence was committed without his consent, and that he exercised all due diligence to prevent the commission of the offence having regard to all the circumstances.

Additional penalty for contravention of sections 4 and 5 above.

12.—(1) Where, on or after the appointed day, any alien continues to be the owner or part owner of any enterprise in contravention of section 4 or 5 above, unless exempted under the provisions of this Decree, it shall be lawful for the Board—

(a) to take over, sell or otherwise dispose of the enterprise, and

(b) to distribute the proceeds of such sale or disposal (if any) -

(i) in the case of partnerships, to the proprietors of the enterprise duly registered as such under the Registration of Business Names Act 1961 ;

1961 No. 17.

(ii) in the case of companies registered under the Companies Decree 1968, to the shareholders of the company ; and

1968 No. 51

(iii) in any other case, in such manner as may be directed by the Board, and

any expenses incurred by the Board in relation to the exercise of any of the powers conferred by this subsection shall be a charge upon and be defrayed by the Board from the proceeds of such sale or disposal.

(2) It shall be sufficient for the purposes of taking over any enterprise under subsection (1) (a) of this section -

(a) in the case of partnerships, if the certificate of registration or business permit of the enterprise is cancelled ;

(b) in the case of a company, if the certificate of registration or business permit of the company is cancelled ; and

(c) in either case, if the assets of the association are registered by the Registrar of Business Names, or as the case may be, the Registrar of Companies or any person duly authorised to do so, in the name of the Federal Military Government.

(3) In this section, "business permit" means any business permit issued pursuant to section 8 of the Immigration Act 1963.

1963 No. 6.

Supplementary Provisions

13.—(1) The Commissioner may make regulations generally for the purpose of giving effect to the provisions of this Decree, and may in particular, without prejudice to the generality of the foregoing provision, make regulations -

Regulations and reports.

(a) prescribing the forms for returns and other information required under this Decree ;

(b) prescribing the detailed powers and functions of inspectors appointed for the purposes of this Decree ;

(c) for the procedure for the obtaining of any information required under this Decree ;

(d) requiring returns to be made, within the period specified therein, by any enterprise to which this Decree applies ;

(e) prescribing any fees payable under this Decree ; and

(f) prescribing such other matters as may be referred to him by the Federal Executive Council.

(2) Any regulations made pursuant to subsection (1) above shall be presented to the Federal Executive Council for the approval of that Council together with any report and recommendations of the Board including any measures which the Commissioner proposes in relation thereto.

14. Any person aggrieved by any decision of the Board or by the exercise by the Board of any power under this Decree shall have the right to forward a petition on such grievance to the Commissioner who may, notwithstanding anything to the contrary in this Decree and subject to the approval of the Federal Executive Council, confirm or reverse the decision of the Board or take such further measures in relation to the petition as he may think just and reasonable.

Right to petition.

SCHEDULES

Sections 4 and 16

SCHEDULE 1

ENTERPRISES EXCLUSIVELY RESERVED

Item

1. Advertising agencies and public relations business.
2. All aspects of pool betting business and lotteries.
3. Assembly of radios, radiograms, record changers, television sets, tape recorders and other electric domestic appliances not combined with manufacture of components.
4. Blending and bottling of alcoholic drinks.
5. Blocks, bricks and ordinary tiles manufacture for building and construction works.
6. Bread and cake making.
7. Candle manufacture.
8. Casinos and gaming centres.
9. Cinemas and other places of entertainment.
10. Clearing and forwarding agencies.
11. Hairdressing.
12. Haulage of goods by road.
13. Laundry and dry-cleaning.
14. Manufacture of jewellery and related articles.
15. Newspaper publishing and printing.
16. Ordinary garment manufacture not combined with production of textile materials.
17. Municipal bus services and taxis.
18. Radio and television broadcasting.
19. Retail Trade (except by or within the departmental stores and supermarkets).
20. Rice milling.
21. Singlet manufacture.
22. Tyre retreading.

SCHEDULE 2

Sections 5 and 16

ENTERPRISES BARRED TO ALIENS UNDER CERTAIN
CONDITIONS

Item

List of Enterprises

1. Beer brewing.
2. Boat building.
3. Bicycle and motorcycle tyre manufacture.
4. Bottling soft drinks.
5. Coastal and inland waterways shipping.
6. Construction industries.

SCHEDULE 2—*continued*

Sections 5 and 16

7. Cosmetics and perfumery manufacture.
8. Departmental stores and supermarkets.
9. Distribution agencies for machines and technical equipment.
10. Distribution and servicing of motor vehicles, tractors and spare parts thereof or other similar objects.
11. Estate agency.
12. Fish and shrimp trawling and processing.
13. Furniture making.
14. Insecticides, pesticides and fungicides.
15. Internal air transport (scheduled and charter services).
16. Manufacture of bicycles.
17. Manufacture of cement.
18. Manufacture of matches.
19. Manufacture of metal containers.
20. Manufacture of paints, varnishes or other similar articles.
21. Manufacture of soaps and detergents.
22. Manufacture of suitcases, briefcases, handbags, purses, wallets, portfolios and shopping bags.
23. Manufacture of wire, nails, washers, bolts, nuts, rivets and other similar articles.
24. Paper conversion industries.
25. Passenger bus services (inter state).
26. Poultry farming.
27. Printing of books.
28. Production of sawn timber, plywood, veneers and other wood conversion industries.
29. Screen printing on cloth, dyeing.
30. Slaughtering, storage, distribution and processing of meat.
31. Shipping.
32. Travel agencies.
33. Wholesale distribution.

MADE this 23rd day of February 1972.

GENERAL Y. GOWON,
*Head of the Federal Military Government,
Commander-in-Chief of the Armed Forces,
Federal Republic of Nigeria*

EXPLANATORY NOTE

(This note does not form part of the above Decree, but is intended to explain its purpose)

This Decree establishes the Nigerian Enterprises Promotion Board, which has the power to advance the promotion of Nigerian enterprises. The Decree also establishes the Enterprises Promotion Committee in each State of the Federation with certain powers to assist and advise the Board on the implementation of the Decree, and to ensure that the provisions of the Decree are complied with by aliens resident in every State.

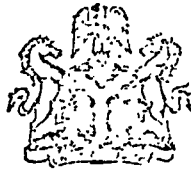
2. Under section 4 of the Decree, the establishment and operation of certain enterprises (listed in Schedule 1 of the Decree) are now exclusively reserved for Nigerian citizens, companies and associations, and certain other enterprises (listed in Schedule 2 of the Decree) cannot be operated or carried on by aliens in Nigeria unless they fulfil certain conditions specified in section 5 of the Decree. The Decree also provides that exemptions may be granted in certain circumstances, and subject to such conditions as may be deemed necessary in respect of enterprises affected by the Decree.

3. Any person who acts as a front for the purpose of defeating the object of the Decree is liable to be prosecuted, and any contravention of any of the provisions of the Decree is an offence punishable with a fine or imprisonment or both. The Board also has power, under the Decree, to take over, sell or otherwise dispose of any enterprises where there has been a contravention, and may distribute the proceeds in the manner provided under the Decree. An aggrieved person may, however, petition the Commissioner for a review of his case.

APPENDIX B

A 17

NIGERIAN ENTERPRISES PROMOTION DECREE 1977



ARRANGEMENT OF SECTIONS

Sections

- | | |
|---|--|
| <ol style="list-style-type: none">1. Establishment of Nigerian Enterprises Promotion Board, etc.2. Establishment of Enterprises Promotion Committees for the States, etc.3. Supplementary provisions with respect to proceedings of the Board or of State Committees.4. Enterprises exclusively reserved for Nigerians. Schedule 1.5. Enterprises in respect of which 60 per cent of equity must be owned by Nigerians. Schedule 2.6. Enterprises in respect of which 40 per cent of the equity must be owned by Nigerians. Schedule 3.7. Special provisions in respect of certain enterprises holding companies.8. Definition of expressions used in sections 4 to 6.9. Sale or transfer of enterprises to be subject to approval by the Board and the Capital Issues Commission.10. Provisions supplementary to section 9. | <ol style="list-style-type: none">11. General guidelines regarding approval of sales or transfer by the Board or Commission.12. Inspectors of enterprises.13. Power to seal up premises.14. Additional penalty for contravention of the Decree.15. Supply of information.16. Alteration of lists of enterprises.17. Penalty for acting as a front.18. Offences and penalties.19. Power of inspector to conduct prosecutions, etc.20. Regulations and reports.21. Right to petition.22. Exclusion of rights.23. Interpretation.24. Repeal and saving.25. Citation and commencement. |
|---|--|

SCHEDULES

- Schedule 1.
- Schedule 2.
- Schedule 3.

(2) There may be paid to the members of the Board or any Committee remuneration and allowances payable in accordance with the current regulations of the Government of the Federation.

(3) The validity of any proceedings of the Board or of any Committee shall not be affected by—

(a) any vacancy in its membership ;

(b) any defect in the appointment of any member ; or

(c) the fact that any person not entitled to do so took part in the proceedings.

(4) The expenses of the Board in the exercise of its functions shall be paid out of funds provided by the Government of the Federation.

Promotion of Nigerian Enterprises

4.—(1) All enterprises specified in Schedule 1 to this Decree are hereby, subject to this Decree, exclusively reserved for Nigerian citizens or associations and accordingly—

Enterprises exclusively reserved for Nigerians. Schedule 1.

(a) as from the appointed day no person, other than a Nigerian citizen or association, shall be the owner or part owner of any such enterprise in Nigeria ; and

(b) no such enterprise shall be established in Nigeria by an alien on or after the commencement of this Decree.

(2) Nothing in this section shall as from the commencement of this Decree and before the appointed day preclude the sale or transfer in accordance with the provisions of this Decree by any person of any of the enterprises affected by this section.

5. Subject to this Decree, as from the appointed date no alien shall be the owner or part-owner of any of the enterprises specified in Schedule 2 to this Decree unless the equity participation of Nigerian citizens or associations in the enterprise is not less than sixty *per cent*.

Enterprises in respect of which 60 per cent of the equity must be owned by Nigerians. Schedule 2.

6. Subject as aforesaid, as from the appointed date no alien shall be the owner or part-owner of any of the enterprises specified in Schedule 3 to this Decree unless the equity participation of Nigerian citizens or associations in the enterprise is not less than forty *per cent*.

Enterprises in respect of which 40 per cent of the equity must be owned by Nigerians. Schedule 3.

7.—(1) Notwithstanding sections 4, 5, and 6 above any alien who immediately before the commencement of this Decree was the owner or part-owner of any body corporate carrying on an enterprise the business of which comprised enterprises specified in Schedules 1, 2 and 3 to this Decree or in any two of those Schedules may after the appointed date continue to be owner or part-owner of any such body corporate if—

Special provision in respect of certain enterprises; holding companies.

(a) the annual turn-over of the body corporate was not less than N25,000,000 ;

(b) the business of the body corporate was being carried on in not less than 10 States in the Federation ;

(c) the equity participation of Nigerian citizens or associations is by the 30th June 1977 not less than sixty *per cent*.

(2) Sections 4, 5 and 6 above shall not apply in the case of any non-trading holding company the subsidiary companies of which have in respect of the applicable enterprises by the appointed date, complied with the provisions of this Decree.

(3) For the purposes of subsection (2) above, the expressions "holding company" and "subsidiary company" have the meanings respectively assigned thereto in section 147 of the Companies Decree 1968.

1968 No. 53.

Definition of expressions used in section 4.

8. For the purposes of section 4 above, an enterprise shall be deemed to be an alien enterprise unless the entire capital or proprietary interest, whether financial or otherwise, in the enterprise in so far as it concerns any of the enterprises in Schedule 1 to this Decree is also owned and controlled by Nigerian citizens or associations.

Sale or transfer of enterprises to be subject to approval by the Board and the Capital Issues Commission.

9.—(1) As from the commencement of this Decree no enterprise to which section 4 of this Decree applies (whether or not operated by or as a company) and no enterprise to which section 5, 6 or 7 of this Decree applies which is being operated otherwise than by or as a public company shall be sold or in any manner transferred to Nigerian citizens or associations unless the terms and other conditions of and pertaining to the sale or transfer have been approved by the Board.

(2) As from the commencement of this Decree as aforesaid no shares in or in respect of any enterprise to which section 5, 6 or 7 of this Decree applies which is an enterprise operated by or as a public company shall with a view to securing compliance (to any extent whatsoever) with the provisions of section 5, 6 or 7 of this Decree be sold or in any manner transferred to Nigerian citizens unless the approval of the Capital Issues Commission (hereafter referred to as "the Commission") has been obtained with respect to—

(a) the price at which the shares are to be sold or transferred and the timing of the sale ; and

(b) the terms and other conditions pertaining to the sale or transfer, including the manner of the selection of the buyers or transferees or, where applicable, the manner of the allotment of the shares among the buyers or transferees.

(3) This section shall have effect notwithstanding any other requirement in any law (including, where applicable, the Companies Decree 1968) and such other law shall be construed subject to this Decree.

1973 No. 14.

(4) Without prejudice to subsection (3) above, the powers conferred on the Commission under the Capital Issues Decree 1973 shall be construed as including power to grant approvals for the purposes of this Decree and any rules made by the Commission may be adapted or otherwise modified by the Commission for the purposes of this Decree.

(5) Notwithstanding anything to the contrary in this section the Commission shall be charged with the function of determining the prices of shares in enterprises to which the Decree relates and in the case of public companies there shall be an Allotment Committee of that Commission which shall consist of the following persons that is—

- (i) a representative of the Board,
- (ii) a representative of the Lagos Stock Exchange, and
- (iii) a representative of the appropriate issuing house.

10.—(1) Where approval of the Board or, as the case may be, of the Allotment Committee of the Commission has not been obtained as required under section 9 of this Decree or if any application in relation thereto has been refused—

Provisions
supplement-
ary to
section 9.

(a) any sale or transfer of any enterprise concerned or of any shares or other proprietary interest in or in respect of any affected enterprise shall be void and shall be of no effect ; and

(b) any moneys received in relation to or connected with any of the transactions referred to in the section shall forthwith be repaid without interest by the vendor or transferor, and if any such money is not repaid within 14 days after the date of the notification of the refusal to give the approval the directors of any company concerned shall be jointly and severally liable to repay that money with interest at the rate of five *per cent* per annum from the expiration of the 14th day : Provided that a director shall not be liable if he proves that the default in the repayment of the money is not due to misconduct or negligence on his part, and that all the moneys involved had been kept in a separate bank account to facilitate repayment.

(2) The reference in paragraph (b) of subsection (1) above to "directors of a company" shall—

(a) in the case of a partnership, be construed as a reference to the partners of the body concerned ; and

(b) in the case of any other unincorporated body, be construed as a reference to the person in whom is vested the beneficial ownership of the enterprise concerned.

11.—(1) In considering applications for approval pursuant to section 9 of this Decree the Board or, as the case may be, the Allotment Committee of the Commission shall have regard to the following general guidelines, that is to say :—

General
guidelines
regarding
approval of
sales or trans-
fer by the
Board or
Commission

(a) Beneficial ownership of the enterprises affected should be as wide-spread as the circumstances of each case would justify and deliberate efforts must be made to prevent the concentration of ownership in a few hands.

(b) Except in the case of owner-managers, no enterprise should be sold or transferred to a single individual and in no case is a single individual to be allowed to have control of more than one enterprise.

(c) Where appropriate, allotment rules made or approved by the Board or the Allotment Committee of the Commission as appropriate shall be such that would ensure that—

(i) no individual holding more than 5 per cent of the equity of an enterprise or holding a portion of the equity valued at more than ₦50,000, whichever is the higher, is allotted any further portion of the equity in that enterprise ;

(ii) no individual shall be allotted more than 5 per cent of the equity of an enterprise or any portion of the enterprise valued at more than N50,000, whichever is higher ;

(iii) no individual shall be allotted any portion of the equity of an enterprise that would make any holding of that individual of the equity of the enterprise concerned to exceed 5 per cent of the total equity of that enterprise or to attain a value exceeding N50,000, whichever is higher.

(d) Not less than 10 per cent total equity shares of any Schedule 2 or 3 enterprise or where only a fraction is being sold not less than 10 per cent of the amount of sale is reserved for the employees of the enterprise concerned and of the 10 per cent not less than one half shall be reserved for the non-managerial staff.

(e) Consideration in a form acceptable to the Board or the Commission should pass from the transferee to the seller or transferor and, where appropriate, all rights including agency rights, sole representation and all other ancillary rights should pass to the buyer or transferee.

(2) For the purposes of subsection (1) above, the Allotment Committee shall have regard to information as to the existing shareholdings of individuals seeking to acquire further interests in enterprises to which this Decree relates.

Inspectors of enterprises.

12.—(1) Without prejudice to the operation of any enactment, there shall continue to be for the purposes of this Decree a number of inspectors of enterprises (in this Decree hereafter referred to as "inspectors") who shall be designated as such by an order published in the Federal Gazette by the Commissioner from among members of the public services of the Federation and of the States, and when so designated the inspectors shall, as respects any exercise of the functions conferred upon them by virtue of this Decree be responsible to the Board and no other person or authority.

(2) The inspectors shall, subject to this section, have such powers and carry out such functions as the Board may confer on them.

(3) Notwithstanding subsection (2) above, for the purpose of carrying out any of their functions, such inspectors—

(a) shall have a right of access at all times as may be necessary to any building or premises where any enterprise is being carried on or which they reasonably suspect is being used for any purpose to which this Decree relates ;

(b) may inspect such building or premises, or business in order to determine whether or not the building or premises is being used, or as the case may be, the business is being carried on, for the purposes authorised by this Decree, and may require the production of all books of account or other documents and inspect them for ensuring that the provisions of this Decree are being complied with ; and

(c) shall be entitled to require from the directors or other officers of the enterprise such information and explanation as may be deemed necessary.

(4) Any person, who—

(a) without lawful excuse the proof of which shall lie on him—

(i) refuses to admit into his building or premises any inspector appointed under this section ; or

(ii) denies such inspector the right to inspect the building or premises or the business for the determination of the matter specified in subsection (3) (b) above ; or

(iii) refuses or neglects to give any information which any inspector may require from him ; or

(b) in respect of any request for information from any inspector, makes any statement which he knows to be false or which he has no reason to believe to be true ; or

(c) in any way obstructs any inspector in the discharge of such functions as may be conferred on him by this section, shall be guilty of an offence under this Decree.

13.—(1) If the Board is satisfied that—

(a) an alien has been engaging in any of the enterprises specified in Schedule 1 to this Decree ; or

(b) that an alien enterprise is being carried on in contravention of section 5, 6 or 7 or any other provision of this Decree,

the Chairman of the Board may direct an inspector to seal up any premises in which the offending enterprise is being carried on.

(2) Whenever an inspector has sealed up any premises he shall be deemed to have been duly directed to do so by the Chairman.

(3) Every police officer shall if called upon by an inspector give all reasonable assistance to the inspector necessary to effect the sealing up of any affected premises and to prevent unauthorised persons from having access to or interfering with the premises or any goods contained therein.

Power to seal up premises.

14.—(1) Where, on or after the appointed day, any alien continues to be the owner or part owner of any enterprise in contravention of section 4 of this Decree, it shall be lawful for the Board—

(a) to take over, sell or otherwise dispose of the enterprise, and

(b) to distribute the proceeds of such sale or disposal (if any)—

(i) in the case of partnerships, to the proprietors of the enterprise duly registered under the Registration of Business Names Act 1961 or any other applicable law ;

(ii) in the case of companies, to the share-holders of the company ; and

(iii) in any other case, in such manner as may be directed by the Board ; and

any expenses incurred by the Board in relation to the exercise of any of the powers conferred by this subsection shall be a charge upon and be defrayed by the Board from the proceeds of such sale or disposal.

(2) It shall be sufficient for the purposes of taking over any enterprise under subsection (1) (a) of this section—

(a) in the case of partnerships, if the certificate of registration or business permit of the enterprise is cancelled ;

(b) in the case of a company, if the certificate of registration or business permit of the company is cancelled ; and

(c) in other case, if the assets of the association are registered by the Registrar of Business Names, or as the case may be, the Registrar of Companies or any person duly authorised to do so, in the name of the Federal Military Government.

Additional penalty for contravention of the Decree.

1963 No. 6. (3) In this section "business permit" means any business permit issued pursuant to section 8 of the Immigration Act 1963.

Supply of information.

15.—(1) The Board may by instrument in writing, request any person carrying on any enterprise to which this Decree relates to furnish such estimates, returns or other information as may be specified and he may by that instrument specify the time, manner and form in which such estimates, returns or information are to be furnished, and it shall be the duty of any such person to comply with the request.

(2) Any person, who—

(a) refuses or neglects to give any information which the Board may require pursuant to subsection (1) above ; or

(b) in respect of the information so required makes any statement which he knows to be false or which he has no reason to believe to be true, shall be guilty of an offence and shall on conviction be liable to a fine of N1,000 or to imprisonment for three years.

Alteration of lists of enterprises.

16. The Commissioner may with the prior approval of the Federal Executive Council as from the commencement of this Decree and before the appointed day or such other day as may be specified for the purposes of any particular order (or in respect of any enterprise) by an order published in the Gazette—

(a) alter the list of enterprises specified, respectively in Schedules 1, 2 or 3 to this Decree by way of addition, substitution or deletion ;

(b) as respects section 6 or 7 above, vary the extent of the equity participation of Nigerian citizens or associations in the enterprise ;

(c) make such different provisions in relation to different enterprises or as respects different areas of the Federations, and impose such terms as he may deem necessary.

Offences and Penalties

Penalty for acting as a front.

17.—(1) Any person who—

(a) acts as a front or purports for the purpose of defeating or in manner likely to defeat the object of this Decree, to be the owner or part owner of any enterprise ; or

(b) operates any enterprise for or on behalf of any alien who is under this Decree—

(i) not permitted to operate the enterprise ; or

(ii) disqualified from operating the enterprise ; or

(iii) not permitted to own or be part owner of such enterprise,

shall be guilty of an offence under this section, and shall be liable on conviction to a fine of N15,000 or to imprisonment for a term of 5 years or to both such fine and imprisonment.

(2) It shall not be lawful for any Nigerian citizen or association to employ, whether on full time or part time basis, any alien for the operation of any enterprise previously owned wholly or partly by that alien which the alien has disposed of pursuant to the provisions of this Decree, except with the prior approval of the Federal Commissioner for Internal Affairs after consultation with the Board.

Offences and penalties.

18.—(1) Any person found guilty of an offence under this Decree for which no penalty is provided shall upon conviction be liable to a fine of N10,000 or to imprisonment for 5 years or to both such fine and imprisonment.

(2) Where an offence under this Decree is committed by a body of persons, therein—

(a) in the case of a body corporate, every director or officer of that body shall be deemed to be guilty of the offence ;

(b) in the case of a partnership or other association, every partner or officer of that body shall be deemed to be guilty of the offence.

(3) No person shall, however, be deemed to be guilty of an offence under subsection (2) above, if he proves to the satisfaction of the court that the offence was committed without his consent and that he exercised all due diligence to prevent the commission of the offence having regard to all the circumstances.

19.—(1) Subject to section 104 of the Constitution of the Federation (which relates to the power of the Attorney-General of the Federation to institute, continue or discontinue criminal proceedings) any inspector or officer of the Board may in a court of competent jurisdiction prosecute an offender for an offence under this Decree.

Power of inspector to conduct prosecutions, etc.
1963 No. 20.

(2) It shall not be an objection to the competency of an inspector to give evidence as a witness in any prosecution for an offence under this Decree that the action is prosecuted or conducted by that inspector.

Miscellaneous Provisions

20.—(1) The Commissioner may make regulations generally for the purpose of giving effect to the provisions of this Decree, and may in particular, without prejudice to the generality of the foregoing provision, make regulations—

Regulations and reports.

(a) prescribing the forms for returns and other information required under this Decree ;

(b) prescribing the detailed powers and functions of inspectors ;

(c) prescribing the procedure for obtaining any information required under this Decree ;

(d) requiring returns to be made, within the period specified therein, by any enterprise to which this Decree applies ;

(e) prescribing any fees payable under this Decree ; and

(f) prescribing such other matters as may be referred to him by the Federal Executive Council.

(2) Any regulations made pursuant to subsection (1) above shall be presented to the Federal Executive Council for the approval of that Council together with any report and recommendations of the Board including any measures which the Commissioner proposes in relation thereto.

21. Any person aggrieved by any decision of the Board or by the exercise of any power under this Decree shall have the right to forward a petition on such grievance to the Commissioner who may, notwithstanding anything to the contrary in this Decree and subject to the approval of the Federal Executive Council, confirm or reverse the decision of the Board or take such further measures in relation to the petition as he may think just and reasonable.

Right to petition.

22. Except as otherwise prescribed by this Decree, there shall be no right of appeal against any act, matter or thing done or purported to be done by or under this Decree ; and without prejudice to the operation of any other enactment excluding the jurisdiction of a court of law in respect of

Exclusion of rights.

certain proceedings, and for the avoidance of doubt, no proceedings by way of originating summons, certiorari, mandamus, prohibition, injunction or any other prerogative writ shall lie or be instituted on account of or in respect of such act, matter or thing done or purported to be done.

Interpretation.

23.—(1) In this Decree, unless the context otherwise requires, the following expressions have the meanings respectively assigned to them :—

“alien” means a person or association whether corporate or unincorporate other than a Nigerian citizen or association ;

1973 No. 14.

“appointed date” (a) in the case of any enterprise to which section 7 applies, means 30th June 1977 ; and

(b) in every other case, means 31st December, 1978.

“Commission” means the Capital Issues Commission established by section 1 of the Capital Issues Decree 1973 ;

“Commissioner” means the Federal Commissioner charged with responsibility for industries ;

1963 No. 51.

“company” means any company registered under the Companies Decree 1968 or under any enactment replaced by that Decree ;

“enterprise” includes any industrial or commercial undertaking ;

“Nigerian citizen or association” means—

1963 No. 20.

(a) a person who is a citizen of Nigeria by virtue of the Constitution of the Federation ;

(b) any person of African descent, not being a citizen of Nigeria, who is a national of any country in Africa which is a member country of the Organisation of African Unity, and who continues to reside and carry on business in Nigeria, if the country of which he is a national also permits citizens of Nigeria to establish and operate businesses or enterprises in that country on the basis of reciprocity ; and

(c) any company registered under the Companies Decree 1968, partnership, association or body (whether corporate or unincorporate), and except as otherwise prescribed under this Decree, the entire capital or other financial interest of which is owned wholly and exclusively by citizens of Nigeria ;

“ownership” in relation to any enterprise includes any proprietary interest in the enterprise beneficially, and any derivative of that word shall be construed accordingly ;

“prescribed” means prescribed by this Decree or by regulations ;

“shares” includes stocks.

(2) The reference in this Decree to “equity participation of Nigerian citizens or associations” is a reference to stocks and shares which Nigerian citizens or associations have in such industry which do not bear fixed interest or dividend.

(3) Section 22 of this Decree shall not be so construed as to exclude the right to appeal against any decision of a court in connection with any criminal offence created under this Decree.

Repeals and saving.

24.—(1) The Nigerian Enterprises Promotion Decree 1972 is hereby repealed and the following enactments, that is to say—

1973 No. 28.

(a) the Nigerian Enterprises Promotion (Amendment) Decree 1973 ;

1974 No. 7.

(b) the Nigerian Enterprises Promotion (Amendment) Decree 1974 ;

(c) the Nigerian Enterprises Promotion (Amendment) (No. 2) Decree 1974; and	1974 No. 13
(d) Nigerian Enterprises Promotion Decree 1976, are hereby, consequentially, repealed.	1976 No. 27.
(2) Without prejudice to section 6 of the Interpretation Act 1964 the repeal of the enactments specified in subsection (1) of this section shall not affect anything done under or pursuant to those enactments.	1964 No. 1
25.—(1) This Decree may be cited as the Nigerian Enterprises Promotion Decree 1977.	Citation and commencement.
(2) This Decree shall be deemed to have come into force on 29th June 1976.	

SCHEDULES

SCHEDULE 1

Section 4

ENTERPRISES EXCLUSIVELY RESERVED FOR NIGERIANS

1. Advertising and public relations business.
2. All aspects of pool betting business and lotteries.
3. Assembly of radios, radiograms, record changers, television sets, tape recorders and other electric domestic appliances not combined with manufacture of components.
4. Blending and bottling of alcoholic drinks.
5. Blocks and ordinary tile manufacture for building and construction works.
6. Bread and cake making.
7. Candle manufacture.
8. Casinos and gaming centres.
9. Cinemas and other places of entertainment.
10. Commercial transportation (wet and dry cargo and fuel).
11. Commission agents.
12. Departmental stores and supermarkets having an annual turnover of less than N2,000,000.
13. Distribution agencies excluding motor vehicles, machinery and equipment and spare parts.
14. Electrical repair shops other than repair shops associated with distribution of electrical goods.
15. Establishments specialising in the repair of watches, clocks and jewellery, including imitation jewellery for the general public.
16. Estate agency.
17. Film distribution (including cinema films).
18. Garment manufacture.

19. Hairdressing.
20. Ice-cream making when not associated with the manufacture of other dairy products.
21. Indenting and confirming.
22. Laundry and dry-cleaning.
23. Manufacturers' representatives.
24. Manufacture of jewellery and related articles, including imitation jewellery.
25. Manufacture of suitcases, brief cases, hand-bags, purses, wallets, portfolios and shopping bags.
26. Municipal bus services and taxis.
27. Newspaper publishing and printing.
28. Office cleaning.
29. Passenger bus services of any kind.
30. Poultry farming.
31. Printing of stationery (when not associated with printing of books).
32. Protective agencies.
33. Radio and television broadcasting.
34. Retail trade (except by or within departmental stores and supermarkets).
35. Rice milling
36. Singlet manufacture.
37. Stevedoring and shorehandling.
38. Tyre retreading.
39. Travel agencies.
40. Wholesale distribution of local manufactures and other locally produced goods.

SCHEDULE 2

Section 5

ENTERPRISES IN RESPECT OF WHICH NIGERIANS MUST HAVE MAJORITY INTEREST

1. Banking-commercial, merchant and development banking.
2. Basic iron and steel manufacture.
3. Beer brewing.
4. Boat building.
5. Bottling of soft drinks.
6. Business services (other than machinery and equipment rental and leasing) such as business management and consulting services ; fashion designing.
7. Clearing and forwarding agencies.
8. Canning and preserving of fruits and vegetables.
9. Coastal and inland waterways shipping.
10. Construction industry.

11. Departmental stores and supermarkets having annual turnover of not less than N2,000,000.
12. Distribution agencies for machines and technical equipment.
13. Distribution and servicing of motor vehicles, tractors and spare parts thereof or similar objects.
14. Fish and shrimp trawling and processing.
15. Fertilizer production.
16. Grain mill products except rice milling.
17. Industrial cleaning.
18. Insecticides, pesticides and fungicides.
19. Internal air transport (scheduled and charter services).
20. Insurance—all classes.
21. Lighterage.
22. Manufacture of bicycles.
23. Manufacture of biscuits and similar dry bakery products
24. Manufacture of cement.
25. Manufacture of cosmetics and perfumery.
26. Manufacture of cocoa, chocolate and sugar confectionery.
27. Manufacture of dairy products, butter, cheese, milk and other milk products.
28. Manufacture of food products like yeast, starch, baking powder, coffee roasting ; processing of tea leaves into black tea.
29. Manufacture of furniture and interior decoration. Manufacture of metal fixtures for household, office and public building.
30. Manufacture of leather footwear.
31. Manufacture of matches.
32. Manufacture of metal containers.
33. Manufacture of paints, varnishes or other similar articles.
34. Manufacture of plastic products such as plastic dinnerware, tableware, kitchenware, plastic mats, plastic machinery parts, bottles, tubes and cabinets.
35. Manufacture of rubber products, rubber footwear, industrial and mechanical rubber specialities such as gloves, mats, sponges and foam.
36. Manufacture of tyres and tubes for bicycles and motorcycles ; of tyres and tubes for motor vehicles.
37. Manufacture of soap and detergents.
38. Manufacture of wire, nails, washers, bolts, nuts, rivets and other similar articles.
39. Other manufacturing industries such as non-rubber and non-plastic toys, pens, pencils, umbrellas, canes, buttons, brooms and brushes, lampshades, tobacco pipes and cigarette holders.
40. Mining and quarrying.
41. Oil milling, cotton ginning and crushing industries.
42. Paper conversion industries.
43. Plantation sugar and processing.

44. Plantation agriculture for tree crops, grains and other cash crops.
45. Printing of books.
46. Production of sawn timber, plywood, veneers and other wood conversion industries.
47. Petro-chemical feed-stock industries.
48. Publishing of books, periodicals and such like.
49. Pulp and paper mills.
50. Restaurants, cafes and other eating and drinking places.
51. Salt refinery and packaging.
52. Screen printing on cloth, dyeing.
53. Inland and coastal shipping.
54. Slaughtering, storage associated with industrial processing and distribution of meat.
55. Tanneries and leather finishing.
56. Wholesale distribution of imported goods.
57. Photographic studios, including commercial and aerial photography.

SCHEDULE 3

Section 6

ENTERPRISES TO WHICH SECTION 6 APPLIES

1. Distilling, rectifying and blending of spirits such as ethyl alcohol, whisky, brandy, gin and the like.
2. Tobacco manufacture.
3. Manufacture of basic industrial chemicals (organic and inorganic) except fertilizers.
4. Manufacture of synthetic resin, plastic materials and man-made fibres except glass.
5. Manufacture of drugs and medicines.
6. Manufacture of pottery, china and earthenware.
7. Manufacture of glass and glass products.
8. Manufacture of burnt bricks and structural clay products.
9. Manufacture of miscellaneous non-metallic mineral products such as concrete, gypsum and plastering products, including ready-mixed concrete ; mineral wool, abrasive ; asbestos products ; graphite products.
10. Manufacture of primary non-ferrous metal products such as ingots, bars and billets ; sheets, strips, circles, ceerous, rods, tubes, pipes and wire rods ; casting and extrusions.
11. Manufacture of (fabricated metal) cutlery, hand tools and general hardware.
12. Manufacture of structural metal products-components of bridges, tanks, metal doors and screens, window frames.
13. Manufacture of miscellaneous fabricated metal products, except machinery and equipment, such as safes and vaults ; steel springs furnaces ; stoves, and the like.

14. Manufacture of engines and turbines.
15. Manufacture of agricultural machinery and equipment.
16. Manufacture of metal and wood working machinery.
17. Manufacture of special industrial machinery and equipment, such as textile and food machinery, paper industry machinery, oil refining machinery and equipment, and the like.
18. Manufacture of office, computing and accounting machinery.
19. Manufacture of other machinery and equipment except electrical equipment, pumps, air and gas compressors; blowers, air-conditioning and ventilating machinery; refrigerators, and the like.
20. Manufacture of electrical industrial machinery and apparatus.
21. Manufacture of radio, television and communication equipment and apparatus.
22. Manufacture of electrical appliances and houseware.
23. Manufacture of electrical apparatus and supplies not elsewhere classified, such as insulated wires and cables, batteries, electric lamps and tubes, fixtures and lamp switches, sockets, switches, insulators, and the like.
24. Ship building and repairing (excluding boat building).
25. Manufacture of railway equipment.
26. Manufacture of motor vehicles and motorcycles.
27. Manufacture of aircraft.
28. Manufacture of professional and scientific and measuring and controlling equipment, such as laboratory and scientific instruments, surgical, medical and dental equipment, instruments and supplies and orthopaedic and prosthetic appliances.
29. Manufacture of photographic and optical goods.
30. Manufacture of watches and clocks.
31. Ocean transport/shipping.
32. Oil servicing companies.
33. Storage and warehousing—the operation of storage facilities and warehouses (including bonded and refrigerated warehouses) for hire by the general public.
34. Textile manufacturing industries.
35. Hotels, rooming houses, camps and lodging places.
36. Data processing and tabulating services (on a fee or contract basis).
37. Production of cinema and television films (or motion picture production).
38. Machinery and equipment rental and leasing.
39. All other enterprises not included in Schedule 1 or 2 not being public sector enterprises.

MADE at Lagos this 12th day of January 1977.

LT.-GENERAL O. OBASANJO,
*Head of the Federal Military Government,
Commander-in-Chief of the Armed Forces,
Federal Republic of Nigeria*

EXPLANATORY NOTE

(This note does not form part of the above Decree but is intended to explain its effect)

The Decree re-enacts the Nigerian Enterprises Promotion Decree 1972 to introduce provisions necessary for the implementation of the next stage of the indigenisation programme. The effective date of the Decree is 29th June 1976 while the appointed date, that is, the date on which all affected enterprises are expected to have complied with the applicable provisions of the Decree is 30th June 1977 in the case of enterprises to which section 7 applies, and 31st December 1978 in every other case.

APPENDIX C

Questionnaire I

(Administered to officials and ex-officials from the public sector and to officials of the Manufacturers Association of Nigeria, and some private businessmen).

1. Who conceived the 1972 Decree?
2. Where did the impulse for the Second Decree come from?
3. What is the difference between the 1972 and the 1977 Decrees?
4. Why was the Second Decree promulgated?
5. Has any particular section of society benefited most from the indigenisation exercise of 1972?
6. Who benefited most from the 1977 Decree? How significant do you think was the mandatory 10% clause?
7. Do you think ex-State officials are the major beneficiaries of indigenisation between 1972 and 1979?
8. Has indigenisation policy helped you in any way to 'join' your company? How do you think you benefited from indigenisation?
9. When did you come to know about the company? Under what condition did you join the company?
10. What are the main contributions you would say you made to your firm and to the national economy by joining the company?
11. Has the Nigerian economy improved or declined since the implementation of the two Decrees between 1972 and 1979?
12. Have industrial relations improved in your company by virtue of changes in ownership and management in favour of Nigerian

citizens?

13. What do you think has been the role of MAN in the agitation for indigenisation?
14. Who are the main indigenous owners and managers of industrial capital in Nigeria? Ex-State officials? Traditional African businessmen?
15. Who or what section of society do you think was most politically active in bringing about indigenisation?
16. What is the relationship between MAN and the State?
17. Did the Nigerian Press play any role in the indigenisation exercise between 1972 and 1979?
18. Why do ex-State officials join private business after they leave office?

APPENDIX D

Questionnaire II

(Administered to manual and non-manual employees of indigenised firms)

1. Are you aware of the 1977 Indigenisation Decree which provides opportunities to employees to own shares in their firm?
2. If you are aware, have you taken advantage of the opportunity?
3. If yes to question two, how? If not, why not?
4. Who has benefited from indigenisation? Do you consider indigenisation to have been biased against manual employees? How?/Why?
5. Who is to blame for this bias?
6. Do you feel strongly about this? If so, how have your views of indigenisation affected your behaviour? (e.g. more politically radical; more willing to strike, etc.).
7. What do you think should have been the main objective of indigenisation?
8. How can the indigenisation policy be improved to take account of your interests?
9. Are you a member of a union?
10. If yes, which union?
11. Do you wish to acquire shares as an individual or do you prefer your union to acquire shares on your behalf?
12. Does the union help you in any way in your dealings with the management of your firm? i.e. How valuable is membership of a union?

13. How long have you worked for the firm?
14. If you have been with the company for more than 13 years, how do you compare your experience with the company under expatriate ownership and management, and under Nigerian ownership and management?
15. Are you better paid under indigenous ownership and management?
16. Have you ever gone on strike due to poor pay/working conditions/ or poor relations with Nigerian managers?
17. Do you think that much greater nationalisation and other 'socialist' policies by government would benefit Nigeria?

APPENDIX E

Table of Sources of Nigerian Imports 1948-74

Source	1948		1950		1960		1965		1970		1974	
	RM	%	RM	%	RM	%	RM	%	RM	%	RM	%
UK	50.0	60.7	74.0	59.8	182.8	42.3	170.1	30.9	232.0	30.7	402.2	23.2
USA	9.5	11.5	5.0	4.0	23.2	5.4	66.2	12.0	109.6	14.5	213.1	12.3
Japan	3.2	3.9	11.7	9.5	55.6	12.9	51.2	9.3	47.4	6.3	160.2	9.2
W. Germany	4.7	5.7	2.8	2.3	30.4	7.0	59.1	10.7	98.6	13.0	264.7	15.3
Italy	1.9	2.3	2.5	2.0	14.4	3.3	25.4	4.6	36.0	4.8	94.0	5.4
France	1.0	1.2	1.2	1.0	9.8	2.3	24.2	4.4	25.2	3.3	114.6	6.6
Netherlands	1.6	1.9	3.3	2.7	23.2	5.4	20.9	3.8	26.8	3.6	81.0	4.7
Belgium and Luxembourg	2.1	2.5	0.9	0.7	6.5	1.5	6.9	1.2	16.2	2.1	35.0	2.0
Norway	0.6	0.7	1.2	1.0	14.4	3.3	11.4	2.1	5.0	0.7	11.3	0.6
China (Mainland)	0.5	0.6	1.0	0.8	3.6	0.8	9.7	1.8	14.0	1.8	30.4	1.7
Eastern Europe	1.8	2.2	0.7	0.6	5.1	1.2	14.6	2.7	38.9	5.1	73.1	4.2
Africa	1.2	1.5	1.4	1.1	4.6	1.1	7.8	1.4	9.3	1.2	20.1	1.1
Other Countries	4.3	5.3	18.0	14.5	28.2	6.5	83.3	15.1	97.4	12.9	237.6	13.7
ALL	82.4	100.0	123.7	100.0	431.8	100.0	550.8	100.0	756.4	100.0	1,737.3	100.0

Source: Federal Office Statistics, Trade Report and Review of External Trade Nigerian CBN Annual Report,

in: O. Fajana - International Trade and Balance of Payments

APPENDIX F

The National Provident Fund: Savings Statistics 1973-5

₦'000

End of Month		National Provident Fund
1973	July	102,759
	August	104,228
	September	105,666
	October	106,971
	November	108,569
	December	109,725
1974	January	112,030
	February	114,929
	March	115,669
	April	116,945
	May	118,881
	June	120,267
	July	121,635
	August	123,498
	September	125,143
	October	126,792
	November	128,411
	December	129,746
1975	January	131,826
	February	133,286
	March	134,861
	April	138,081
	May	140,780
	June	143,304
	July	
	August	
	September	
	October	
	November	
	December	

Source: Extracted from- (NPF) Econ. Indicators, Fed. Office of Statistics,
Lagos, December 1975.

APPENDIX G

Nigeria 1960-1985: Brief Chronology of Events

- 1960, October 1st - Nigeria became Independent under Prime Minister A.A. Tafawa Balewa
- 1961 - Provident Fund Act establishes the National Provident Fund.
- 1962, April 1st - First National Development plan inaugurated.
- 1963, October 1st - Nigeria becomes a Federal Republic.
- 1966, January 15th - First military coup and the end of the First Republic, General J.A. Ironsi took over power.
- 1966, May 24th - Unitary system of government was established.
- 1966, July 29th - Second military coup, General Y. Gowon took over power.
- 1966, August 8th - Federal system of government re-established.
- 1967, May 27th - 12 States were created out of the 4 Regions of the Federation.
- 1967, May 30th - Ojukwu secedes and proclaims the former Eastern Region as "Biafra".
" -
- 1967, July 6th - Beginning of the Nigerian Civil War.
- 1970, January 12th - End of Civil War and the surrender of "Biafra".

- 1970, April 1st - Second National Development Plan inaugurated.
- 1971, May - Government-owned Nigerian National Oil Corporation was established.
- 1971, July - Nigeria joins OPEC.
- 1971, August 6th - Publication of the final report of the Adebo Wages and Salaries Review Commission.
- 1972, February 23rd - NEPD promulgated.
- 1973, January 1st - Naira (₦) currency introduced (₦1 = 100K (Kobo))
- 1973, October - OPEC oil prices increase approximately fourfold inside twelve months (due to mid-East war).
- 1974, September 25th - Publication of the first report of the Udoji Public Service Review Commission.
- 1975, April 1st - Third National Development Plan inaugurated.
- 1975, July 29th - Third military coup, General M. Mohammed took over power.
- 1975, November 17th - Appointment of Adeosun Panel to report on the workings of the 1972 NEPD.
- 1976, February 13th - Attempted military coup failed, head of State assassinated and General Obasanjo took over leadership.

- 1976, April - The 12 States of the Federation were replaced by 19 States.
- 1976, September - Universal free primary education launched.
- 1977, January - Second NEPD promulgated
- 1977, April 1st - Nigerian National Petroleum Corporation replaces Nigerian National Oil Company.
- April 1st - Marketing Boards became National Boards.
- 1978, January - Nigeria's first heavy borrowing from Eurocurrency Market.
- 1978, February - Nigerian Labour Congress established.
- 1978, September 21st - Civilian constitution promulgated and ban on politics lifted.
- 1979, January - Oil revenue increased (following the revolution in Iran).
- 1979, July - Elections to the Senate, National House of Representatives, State Houses of Assembly, and of State Governors, under the new Constitution.
- 1979, August 11th - Presidential election.
- 1979, October 1st - Military return to barracks and Second Republic established. Shagari became the elected President.
- 1980 - Fourth National Development Plan (1981-85) was launched.

- 1980, April 14th - Green Revolution (the boosting of agricultural production) was launched.
- 1981 - Nigerian Enterprises Promotion (alteration of list of scheduled enterprises) Order.
- 1982 - Government revenue from oil falls to under half the figure for 1979.
- 1982 - Reclassification of agro-industries from Schedule II to Schedule III of the 1977 Decree.
- 1983, January - Mass expulsion of West African "aliens" from Nigeria.
- 1983, December 31st - Fifth military coup, General M. Buhari took over as head of military government. Civilian constitution suspended.
- 1985, August 27th - Sixth military coup. I. Babangida took over.

BIBLIOGRAPHY

I. Official Publications

Central Bank of Nigeria - Economic and Financial Review vol. 12
No. 1 June 1974.

Central Bank of Nigeria - Economic and Financial Review "Foreign
private investment in Nigeria 1971-73" vol. 14 No. 1, Lagos, 1976.

Central Bank of Nigeria - Economic and Financial Review "A
Comparative Analysis of the Structure of Commercial Bank Credit
Operations in Nigeria State, 1972-1975" vol. 16 No. 2, Lagos
December 1978

Central Bank of Nigeria - Economic and Statistical Report vol. 14
No. 1, Lagos 1976.

Federal government - Development Programme 1962-68 Sessional paper
No. 1, Lagos 1962.

Federal government of Nigeria - Building a Greater Nigeria (Commerce
and The Private Sector) Third National Development Plan 1975-80
Lagos, not dated.

Federal government of Nigeria - Building a Greater Nigeria (Industry)
Lagos, not dated.

Federal government of Nigeria - Building a Greater Nigeria (Economic
planning), Lagos, not dated.

Federal Republic of Nigeria - Economic and Statistical Review 1978.
Federal Government Press, Lagos 1979.

Federal government of Nigeria - The policy of Federal government on
Statutory Corporations and State owned Companies, Lagos, 1968.

Federal government of Nigeria - The national accounts of Nigeria 1973-1975 - Federal Ministry of National Planning, Lagos, 1981.

Federation of Nigeria - National Development Plan 1975/80.

Federation of Nigeria - Parliamentary Debates. First Parliament Third Session 1962-63. House of Representatives, Lagos, 29/3/62.

Federation of Nigeria - Nigerian Citizenship - Report by the Ad Hoc Committee of the Resumed Nigerian Constitutional Conference, Lagos 1959.

Federation of Nigeria - Final Report of the Parliamentary Committee on the Nigerianisation of the Federal Public Service, Sessional Paper no. 6, Federal Government Printers, Lagos, 1959.

Laws of the Federal Republic of Nigeria 1977. (The Decrees and Subsidiary Legislation) Lagos, 1977.

National Manpower Board, Preliminary Report, Lagos, 1963.

National Economic Council - Economic Survey of Nigeria 1959, Federal government, Lagos, 1959.

Nigerian Enterprises Promotion Board - Progress Reports on the Implementation of the 1977 Decree.

Nigerian Enterprises Promotion Board - Filed Company Inspection Reports.

Nigerian Enterprises Promotion Committee, Borno State - Files.

Nigerian Enterprises Promotion Decree 1972 Decree No. 4, Lagos, 1972.

Nigerian Enterprises Promotion Decree 1977, Lagos, 1977.

Nigerian Enterprises Promotion (amendment) Decree 1973, Decree No. 28, Lagos, 1973.

Nigerian Enterprises Promotion (amendment) Decree 1974, Decree No. 7,
Lagos, 1974.

Nigerian Enterprises Promotion (amendment) Decree No. 2, March 1974
Lagos, 1974.

Nigerian Enterprises Promotion Act 1977 (1977 No. 3) (NEPD Alteration
of Lists of Scheduled Enterprises) Order 1981, Supplement to
official Gazette Extraordinary No. 40, vol. 68, 14/8/81.

Nigerian High Commission London - Nigeria (The Basic Facts), London,
not dated.

Nigerian Industrial Development Bank 1979, Annual Report and Accounts
Lagos, 1979.

Nigerian Investment Information and Promotion Centre, Federal Ministry
of Industries, Lagos, Industrial Survey of Nigeria (Data Forms),
Lagos, 1981.

1973 - 74 Federal Budget Broadcast, Lagos, April 1973.

Proceedings of the National Assembly Debates, First Assembly, First
Session - Senate Official Report 9th-19th October 1979.

Report of the Advisory Committee on Aid to African Businessmen,
Lagos, 1958.

Report of the Committee appointed to advise on Ways and Means of
Fostering a Share Market in Nigeria, Federal government printers,
Lagos, 1959.

Report of the Commission on the Review of Wages, Salary and Conditions
of Service of the Junior Employees of the Government of the Federation
and in Private Establishments, Minority Report, Lagos, 1964.

Report of the Tribunal of Inquiry into the Importation of Cement
1976, Federal Republic of Nigeria, Lagos, 1976.

Report by the Special Duties Offices' Committee on the Division of
Assets and Liabilities of the Former Capital Territory, 14/3/68.

Statement on Industrial Policy 1964, Sessional Paper No. 6,
Federal Government of Nigeria, Lagos, 1964.

The Constitution of the Federal Republic of Nigeria, 1979.

The Federal Military government's views on the Report of Industrial
Panel, Lagos, 1976.

The Nigerian Trade Journal (bi-monthly), federal government publication,
Nigerian Newspapers, Kaduna.

The Industrial Development Income Tax Relief Ordinance, 1958.

The Report on the Reorganisation of the Dock-Labour Industry in
Nigerian Ports - 1969, Federal Ministry of Economic Development
Lagos, 1969.

Trade Disputes (Amendment) Decree 1977, Decree No. 54.

Trade Unions (Disqualification of Certain Persons) Decree 1977, Decree
No. 15.

Ghana Government, Government Policy on the Promotion of Ghanaian
Business Enterprises, not dated.

Ghana Government, Investment Code, 1981, Act 437.

Republic of Ghana, Investment Code 1985, PNDCL 116.

Federal Republic of Nigeria - Economic Indicators, Federal Office
of Statistics, Lagos, Dec. 1975, vol. 11, Nos. 10, 11, 12.

Federal Republic of Nigeria - Annual Abstract of Statistics 1981 (ed.)

Federal Office of Statistics.

Federal Ministry of Industries - Nigerian Standards Organisation

Progress Report 1973, Lagos, 1973.

Federal Ministry of Industries - Annual Report, Lagos, 1967.

Federal Republic of Nigeria - Government's views on the Report of
the Industrial Enterprises Panel, Lagos, 1976.

Federal Republic of Nigeria - Report of Tribunal of Inquiry into
the Nigerian Agricultural and Cooperative Bank Limited, Kaduna,
(Federal Government Press, Apapa) 1980.

Federal Republic of Nigeria - Small Scale Industries Credit Schemes
(not dated).

Federal Republic of Nigeria - Report of the Tribunal of Inquiry into
the Activities of the Trade Unions, Federal Ministry of Information,
Lagos, 1977.

Federation of Nigeria - National Development Plan 1962/68.

Federation of Nigeria - National Development Plan 1970/74.

Report of the Tribunal appointed to inquire into allegations
reflecting on the Official Conduct of the Premier of, and
Certain Persons holding Ministerial and other Public Offices
in, the Eastern Region of Nigeria, CMND 51, London, 1957.

Nigerian Government - Capital Transfer Tax Decree 1979. Supplement
to Official Gazette No. 18, vol. 66, 12/4/79.

Nigerian Government - Nigerian Standards Organisation Decree 1971,
Decree No. 56.

Nigerian Government - Industrial Inspectorate Decree 1970, Decree No. 53, Supplement to Official Gazette No. 57, vol. 57, 22/10/70.

Nigerian Government - The Industrial Training Fund Decree 1971 Decree No. 47, Supplement to Official Gazette no. 51, vol. 58, 14/10/71.

Nigerian Government - Patents and Designs Decree 1970 Decree No. 60.

Nigerian Government Companies (Special Provisions) Decree 1973 Decree No. 19.

Nigerian Government - Industrial Wages Board Decree 1973, Decree No. 1.

Nigerian Government - Nigerian Bank for Commerce and Industry Decree 1973, Decree No. 22, Supplement to Official Gazette No. 26, vol. 60, 10/5/73.

Nigerian Government - National Office of Industrial Property Decree 1979 Decree No. 70.

Nigerian Government - Customs and Excise Management Ordinance 1958 (No. 55 of 1958) Drawback (Customs) Regulation, 1959.

Nigerian Government - Labour Decree 1974, Decree No. 21, Supplement to Official Gazette No. 28, vol. 61, 6/6/74.

Nigerian Government - Exchange Control Act 1962, No. 16.

Nigerian Government - Trade Disputes Decree 1976, Decree No. 7, Supplement to Official Gazette No. 9, vol. 63, 19/2/76.

Nigerian Government - Acquisition of Assets (British Petroleum Company Ltd.) Decree 1979, Decree No. 56, Supplement to Official Gazette Extraordinary, No. 41, vol. 66, 31/8/79.

Nigerian Bank of Commerce and Industry - Information Booklet and Guide to Applicants (NBCI, Lagos) 1973.

World Bank Economic Report - Nigeria, Options for Long-term Development (John Hopkins University Press, Baltimore and London) 1974.

II. Other Primary Sources

Nigeria Labour Congress - Congress memorandum on pensions, not dated.

Manufacturers Association of Nigeria Annual Reports (Lagos) 1979-1985.

Manufacturers Association of Nigeria - Who makes what in Nigeria, Lagos, 1984.

The Nigerian Stock Exchange Handbook, vol. 2, 1984.

The Labour Unity Front - The case of the Nigerian workers on salaries and wages review submitted to the Morgan Commission (Yaba 1963).

The Nigerian Commercial Law Reports 1976 vol. 1976 NCLR (Case - Lasisi v Registrar of Companies). The African Law, Oxford 1982, p. 7-20.

Kano State Government - Kano State Commercial and Industrial Handbook, Ministry of Trade, Industry and Cooperatives, Kano State, not dated.

III. Books

Adedeji, A. (editor) Indigenisation of African Economies, (Hutchinson, London), 1981.

Ademoyeya, W. The Federation of Nigeria (From Earliest Times to Independence) (George G. Harrap, London) 1962.

Africa Guide 1977, Saffron Walden, 1976.

Akeredolu-Ale, E.O. - The Underdevelopment of Indigenous Entrepreneurship in Nigeria (Ibadan University Press, Ibadan) 1975.

Arnold, G. - Modern Nigeria (Longman, London) 1977.

Ayida, A. and Onitiri, H.M.A. (editors) - Reconstruction and Development in Nigeria (Proceedings of a National Conference), (The Nigerian Institute of Social and Economic Research and Oxford University Press, London) 1971.

Belisco, B.I. - The Entrepreneur as Culture Hero (Praeger, New York) 1980.

Bienen, H. and Diejomah, V.P. (editors) - Inequality and Development in Nigeria (Holmes and Meier, New York) 1981.

Bierstøker, T.J. - Distortion or Development? (Contending Perspective on the Multinational Corporation) (MIT Press, Cambridge Massachusetts) 1981.

Bierstøker, T.J. - "Indigenisation in Nigeria: Renationalisation or De-nationalisation?" in: T. Shaw and O. Aluko - Nigerian Foreign Policy (Alternative perception and projections) (Macmillan, London) 1983.

Burns, Sir Allen - History of Nigeria (George Allen and Unwin, London) 1963.

Cohen, D.L. and Danial, J. (editors) - Political Economy of Africa (Longman, London and New York) 1981.

Crowder, M. - The Story of Nigeria, (Faber and Faber, London) 1978.

Dudley, B. - An Introduction to Nigerian Government and Politics (Macmillan, London) 1982.

- Dudley, B. - Instability and Political Order: Politics and Crisis in Nigeria (Ibadan University Press) 1973.
- Eicher and Liedholm - Growth and Development of the Nigerian Economy (Michigan State University Press) 1970.
- Ekundare, R.O - An Economic History of Nigeria 1860-1960 (Methuen, London) 1973.
- Evans, P. - Dependent Development (Princeton University Press, New Jersey) 1979.
- Fransman, M. (editor) - Industry and Accumulation in Africa (Heinemann, London) 1982.
- Fajana, O. - "International Trade and Balance of Payment" in: F. Olaloke et. al. (eds) - Structure of the Nigerian Economy (Macmillan, London, University of Lagos Press) 1979.
- Ghai, Y. (editor) - Law in the Political Economy of Public Enterprise (Scandinavian Institute of African Studies, Uppsala International Legal Centre, New York) 1977.
- Goulbourne, H (editor) - Politics and State in the Third World (Macmillan, London) 1979.
- Iliffe, J. - The Emergence of African Capitalism (The Anstey Memorial Lectures at Kent University 10-13 May 1983), (Macmillan Press, London) 1983.
- »
- Kennedy, P.T. - Ghanian Businessmen (From Artisan to Capitalist Entrepreneurs in a Dependent Economy) (Weltforum-Verlag, München and London) 1980.
- Kilby, P. - Industrialisation in an Open Economy. Nigeria 1945-66 (Cambridge University Press, Cambridge) 1969.

- Kirkpatrick, C.H. and Nixon, F.I. (editors) - Industrialisation of Less Developed Countries (Manchester University Press) 1983.
- Kirk-Greene, A.H.M. - Crisis and Conflict in Nigeria (A documentary source book 1966-1969 volume 1) (Oxford University Press) 1971.
- Kirk-Greene, A.H.M. - Crisis and Conflict in Nigeria (A documentary source book 1966-1970 volume II) (Oxford University Press) 1971.
- Langley, J.A. - Pan-Africanism and Nationalism in West Africa 1900-1945 (Clarendon Press, London) 1973.
- Leys, C. - Underdevelopment in Kenya (The Political Economy of Neo-Colonialism) (Heinemann, London) 1975.
- Lange, F. - A Rare Breed. The Story of Chief Timothy Adeola Odutola, Manufacturers Association of Nigeria, 1981.
- Madunagu, E. - Problems of Socialism (The Nigerian Challenge), (Zed Press, London) 1982.
- Nafziger, E.W. - African Capitalism (a case study in Nigerian Entrepreneurship) (Hoover Institution Press, Stanford University, California) 1977.
- Nigeria Company Handbook (and guide to operating business in Nigeria 1980), (J Konzult Management Services, Lagos and London), 1980.
- Nigeria Year Book 1970 (Times Press, Lagos) 1970.
- Nigeria Year Book 1976 (Times Press, Lagos) 1976.
- Nigeria Year Book 1982 (Times Press, Lagos) 1982.
- Nuoli, O. - Path to Nigerian Development (Codesria, Dakar (Senegal)) 1981.

- Nove, P. and Turner, T. - Oil and Class Struggle, (Zed Press, London) 1980.
- Nwankwo, G.O. - The Nigerian Financial System (Macmillan, London) 1980.
- Olaloke, F. et. al. (editor) - Structure of the Nigerian Economy (Macmillan Press, London and University of Lagos Press) 1979
- Olayide, S.O. (editor) - Economic Survey of Nigeria 1960-1975 Chapter V. (Aromolowan, Ibadan) 1976.
- Onimode, B. - Imperialism and Underdevelopment in Nigeria (Zed Press, London) 1982.
- Onoh, J.K. - The Nigerian Oil Economy, (Croom Helm, London and Canberra) 1983.
- Oyediran, O. (editor) - The Nigerian 1979 Elections (Macmillan, London) 1981.
- Panter-Brick, S.K. (editor) - Nigerian Politics and Military Rule: Prelude to the Civil War (University of London, The Athlone Press)
- Rimmer, D. and Kirk-Greene, A. - Nigeria Since 1970 (Hodder and Stoughton, London) 1981.
- Rweyemamu, J.F. (editor) - Industrialisation and Income Distribution in Africa (Codesria Dakar Senegal) 1980.
- Schatz, L. - Industrialisation in Nigeria. A Spatial Analysis (Weltforum Verlag, München) 1973.
- Seers, D. (editor) - Dependency Theory. A Critical Reassessment (Frances Printer, London) 1981.
- Schatz, P.S. - Nigerian Capitalism (University of California Press) 1977

Shaw, T. and Aluko, O. (editors) - Nigerian Foreign Policy (Alternative Perception and Projections), (Macmillan Press, London) 1983.

Stremlau, J.J. - The International Politics of the Nigerian Civil War 1967-1970 (Princeton University Press, Princeton, New Jersey) 1977.

Swainson, N. - The Development of Corporate Capitalism in Kenya 1918-1977 (Heinemann, London) 1980.

Teriba, O. and Kayode, M.O. (editors) - Industrial Development in Nigeria (Ibadan University Press, Ibadan) 1977

Tordoff, W. - Government and Politics in Africa (Macmillan, London) 1984.

Udo-Aka, U. et. al. (editors) - Management Development in Nigeria (Ibadan and Oxford University Press) 1977.

Widstrand, C. (editor) - Multinational Firms in Africa (Scandinavian Institute of African Studies, Uppsala) 1975.

Williams, G. - State and Society in Nigeria (Afrografika, Idanve (Ondo State)) 1980.

Wilmot, P.F. - In Search of Nationhood (The Theory and Practice of Nationalism in Africa) (Lantern Books, Ibadan) 1979.

IV. Articles and Periodicals

Aluko, O. - "Oil at Concessionary Prices for Africa: a Case Study in Nigerian decision-making" African Affairs, volume 75, No. 301, October 1976.

Adejugbe, M. - "The Myths and Realities of Nigeria's Business Indigenisation" Development and Change, October 1984, No. 4, vol. 15.

- Africa Confidential, "Africanisation", vol. 12, No. 13, 25/6/71, p. 6.
- Africa Confidential, "Nigeria: Anatomy of Reconciliation", vol. 12, No. 24, 3/12/71, p. 6-7.
- Africa Confidential, "Nigeria: Ayida Flies a Kite", 22/6/73.
- Africa Confidential, "Nigeria: State of the Nation", vol. 12, No. 19, 17/9/71, p. 6.
- Africa Confidential, "Nigeria: Jobs, Docks and Xenophobia", vol. 12, No. 4, 19/2/71, p. 5-7.
- African Development, "Can the Multinationals be tamed?" vol. 8, No. 9, September 1974.
- Africa Report, "Foreign Investors Keep a Close Watch on Nigeria's Indigenisation Program" vol. 19, 1974.
- African Development, "Nigerian Economy Survey", vol. 10, No. 12, December 1976.
- Anifowose, R. - "Indigenisation Policies in Africa", Journal of the Swiss Society of African Studies, vol. XVIII, No. 1, 1980.
- Barber, K. - "Popular Reaction to the Petro-Naira" , Journal of Modern African Studies, vol. 20, No. 3, 1982.
- Bennell, P. - "Industrial Class Formation in Ghana: Some Empirical Observations", Development and Change, vol. 15, No. 4, October 1984,
- Bernstein, H. - "Underdevelopment and the Law of Value: a Critique of Kay", Review of African Political Economy, No. 6, May/August 1976.

Collins, P. - "The State and Industrial Capitalism in West Africa",
Development and Change, July 1981.

Collins, P. - "The Political Economy of Indigenisation", African
Review, No. 4, 1974.

Hutchinson, H. - "Nigerianisation: Waiting for the Next Move",
African Development, March 1973, p. 23-25.

Hoogvelt, A. - "Indigenisation and Foreign Capital: Industrialisation
in Nigeria", Review of African Political Economy, No. 14, January/
April 1979.

Hoogvelt, A. - "Indigenisation and Technological Dependence",
Development and Change, vol. 11, No. 2, April 1980.

Esseks, J.D. - "Government and Indigenous Private Enterprise in Ghana",
The Journal of Modern African Studies, 9, 1, 1971.

Freyhold, M.V. - "The Post-colonial State and its Tanzanian Version",
Review of African Political Economy, No. 8, January/April 1977.

Inanga, E.L. - "The First 'Indigenisation Decree' and the Dividend
Policy of Nigerian quoted Companies", Journal of Modern African Studies
vol. 16, No. 2, 1978.

International Marketing Information Series, "Marketing in Nigeria" -
Overseas Business Reports, April 1979.

Judd, E.C. - "The Changing Face of Foreign Business in Africa -
Participation and Integration" (address delivered to African Society
with the Royal Commonwealth on 20/5/76), African Affairs, vol. 16,
No. 302, January 1977.

Kitching, G. - "Modes of Production and Kenyan Dependency", Review of African Political Economy, No. 8, January/April 1977.

Lloyds Bank Annual Reports on Nigeria

Langdon, S. - "The State and Capitalism in Kenya", Review of African Political Economy, No. 8, January/April 1977.

Madujibeya, S.A. - "Oil and Nigeria's Economic Development", African Affairs, vol. 75, No. 300, July 1976.

Leys, C. - "The Overdeveloped Post-Colonial State: A Re-evaluation", Review of African Political Economy, No. 5, January/April 1976.

Mayall, J. - "Oil and Nigerian Foreign Policy", African Affairs, vol. 75, No. 300, July 1976.

Miliband, R. - "Marx and the State", Socialist Register 1965.

Nafziger, W.E. - "Biafra and Bangladesh - Political Economy of Secessionist Conflict", Journal of Peace Research No. 2, vol. XIII, 1976.

Nafziger, W.E. - "The Economic Impact of the Nigerian Civil War", Journal of Modern African Studies, 10, 2, 1972.

Nafziger, W.E. - "The Political Economy of Disintegration in Nigeria", Journal of Modern African Studies, 11, 4, 1973.

Ogbuagu, C.S.A. - "The Nigerian Indigenisation Policy: Nationalism or Pragmatism?", African Affairs, vol. 82, No. 327, April 1983.

Osakwe, O. - "Indigenisation: probing the irregularities", African Development, vol. 10, No. 4, April 1976.

Peel, M. - "The Expulsion of West African Aliens", Journal of Modern African Studies, vol. 9 (2), 1971.

Sanwo, P. - "Indigenisation: how has it worked?", African Development, March 1975.

Schatz, P.S. - "The High Cost of Aiding Business in Developing Economies: Nigeria's Loan Programmes", Oxford Economic Papers 1968, vol. 20.

Schatz, P.S. - "The Capital Shortage Illusion: Government lending in Nigeria", Oxford Economic Papers, vol. 17, No. 2, July 1965.

Swainson, N. - "The Rise of a National Bourgeoisie in Kenya", Review of African Political Economy, No. 8, January/April 1977.

Turner, T. - "Multinational Corporations and the Instability of the Nigerian State", Review of African Political Economy, No. 5, January/April 1976.

Zayyad, H.R. - "Commercial Banks in the Indigenisation of Commerce and Industry in Nigeria: Problems and Prospects", The Nigerian Journal of Public Affairs, May 1973, vol. III, No. 11.

Zieman, W. and Lanzendörfer, M. - "The State in Peripheral Societies", Socialist Register, 1977.

V. Nigerian Institute of International Affairs, Lagos

Adedeji, A. - "Collective Self Reliance in Developing Africa: Scope, Prospects and Problems" - 23-27 August 1976, Lecture Series No. 17.

Adetoro, J.E. - "The Indigenisation of Foreign Enterprises", Nigerian Journal of International Affairs, vol. I, No. 1, July 1975.

Aluko, O. - "Options in Nigerian Foreign Policy", 16th February 1978, Lecture Series, No. 22.

Akinyemi, A.B. - "A Farewell to Policy", Lecture Series No. 35, not dated.

Nigeria: Bulletin on Foreign Affairs, vol. 1, No. 4, May 1972.

Nigeria: Bulletin on Foreign Affairs, vol. 3, No. 1-4, January/December 1973.

Nigeria: Bulletin on Foreign Affairs, vol. 5, Nos. 3 and 4, Lagos, August/December 1975.

VI. Magazines

Africa (London)

African Business (London)

African Business Review (London)

Africa Now (London)

Afriscope (London)

Concord Weekly (Concord Press of Nigeria, London)

Economist (London)

Management in Nigeria (Nigerian Institute of Management, Lagos)

Modern Africa (Monthly publication) (London)

New Africa (London)

New Breed (Lagos)

New Times (fortnightly publication) (Lagos)

Nigerian Enterprise (Lagos)

Nigeria Today (Monthly publication) (Nigeria High Commission, London)

Prosperity (Nigeria's Business Quarterly) (Lagos)

Root, October 1982 - "Nigeria. A Special Report" (Root publication, London).

West Africa (weekly publication) (London)

The Economist Intelligence Unit - Quarterly "Economic Review of Nigeria" Third Quarterly 1978.

The President (Monthly publication) (Lagos).

West Africa (weekly publication), (London)

VII. Newspapers

Business Times (Lagos)

Daily Sketch (Lagos)

Daily Times (Lagos)

Daily Tribune (Lagos)

Financial Times (London)

Industry Now (Lagos)

National Concord (Lagos)

New Nigerian (Kaduna)

Nigerian Tide (Lagos)

The Guardian (Lagos)

The Guardian (London)

The Times (London)

The Nigerian Standard (Lagos)