THE DEVELOPMENT OF
CAPITALISM IN NIGERIA
1886 - 1990

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THE DEVELOPMENT OF CAPITALISM IN NIGERIA 1886 - 1980

ABSTRACT

The central aim of this dissertation is to establish the fundamental connection among, and the interdependence of, the various spheres of the capitalist process in Nigeria between 1886 and 1980. The organisational principles of our work are the concepts of primitive accumulation and the state. The development of these concepts is initially grounded in an exposition of the thinking of Marx, Lenin, Luxemburg, Frank and others on capitalist development, the state and primitive accumulation. Only in this way can we move towards an exposition of the process by which Nigeria became incorporated into the World Capitalist Economy and how the capitalist process initiated by the British in Nigeria has not been fully developed.

Some of the internal and external mechanisms which have promoted or retarded the institutionalisation and development of a full-fledged capitalism in Nigeria are examined. Most notable here are the mechanism of unequal exchange, merchant capital, the growth of oligopolies and monopolies.

If the organised power of the state tends to assume a particular importance as a means of removing the barriers and contradictions to the process of capitalist development or primitive accumulation, then Chapters 4 to 8 of our work are concerned with demonstrating the role of the colonial and post-colonial state in the capitalist process and the general problem of political practice in Nigeria.

The dissertation takes as its basic concern the process by which British merchant capital established a dependent capitalist economy in the colonial period with

the assistance of the colonial state. The various conflicts that emerged between British merchants and the British state on the one hand and African merchants, African Kings and Chiefs on the other are seen as inevitable in the process of capitalist expansion. The colonial state is interpreted as an extension of the British State to Nigeria to give full protection to British merchant capital and remove all obstacles to British capital penetration of the pre-capitalist social formations.

The colonial state is viewed as laying the foundation of a dependent capitalist economy. This was achieved through its taxation, land tenure, labour, agricultural and industrial policies. Chapters 5 and 6 show how the colonial state enforced its policies in the various aspects of the traditional society and pre-capitalist economies thus allowing for the creation of the conditions through which capitalism could penetrate the countryside.

Capitalist penetration of the countryside made it possible for merchant capital to accumulate and at the same time transformed the peasantry into a cheap source of labour for both the state and the merchant companies. The tin mines in the Jos Plateau is an example where capital penetration turned the peasantry into wage labourers and resulted in the complete take-over of the indigenous tin industry by British capitalists.

The inability of the Nigerian petty-bourgeoisie who had emerged out of the contradictions of the colonial dependent capitalism and colonial education to play a prominent role in the colonial society at the political, economic and social levels resulted in political agitation for 'self rule' in the 1940s and 1950s. The agitations by the emergent petty-bourgeoisie resulted in the decolonisation programme of the 1950s and the Nigerian Independence in 1960. Power within Nigeria is seen as passing at independence to a petty-bourgeois stratum which uses its control of the state to transform itself into a 'ruling class' and a bourgeoisie. Post-colonial Nigeria is viewed as characterised by the continued domination of British and other foreign capital. The evolution of an indigenous bourgeoisie is interpreted as the outcome of the failure of the nationalist petty-bourgeoisie to overturn the colonial structure left over from colonialism.

The unstable, uninformed, political character of the petty-bourgeoisie that came to power at independence means that its political direction is not fixed in advance. Therefore, the state becomes at the same time, an agent of metropolitan capital, and a possible instrument of a socialist revolution. Which of these directions it ultimately takes is decided by struggles within the State between reactionary and progressive currents of the dominant social stratum.

The articulation of Nigeria's national development strategy adopted in the 1960s and 1970s was greatly influenced by the debates between two nationalist politicians, Chief Obafemi Awolowo, Leader of the Opposition in the House of Representatives and Sir Abubakar Tafawa Balewa, the then Prime Minister - over the Appropriation Bill of 1961. Chief Awolowo wanted a line of business reserved exclusively for Nigerians, while Sir Abubakar Tafawa Balewa feared that foreign capital might not be forthcoming to Nigeria if such an action was taken. A logical resolution of the two positions was attempted in the statement of the aims of the Nigerian governments for the 1962 - 68 plan period. The plan document states as follows:

> Nigeria's economy is a mixed one. The govenments have taken an active part not only in providing the social but also the basic economic services such as electricity and ports. They also intend to participate in the operations of various industries, such as a steel plant and an oil refinery. The attitude of the Governments of the Federation however, is entirely pragmatic and accepts the desirability of a mixed economy. At the same time, the Governments are convinced that no amount of Government activity can effectively replace the efforts of a broadly based and progressive private sector.[1]

Elsewhere in the Plan document, the government's intention to encourage private enterprise by the provision of infrastructures, granting of financial and other aids to individual ventures or entering into partnership with private investors was clearly stated. However, at the end of the plan period, (1968), the modern sector of the Nigerian economy remained severely dominated by British and other foreign capital. For instance, close to 76% of the total equity capital in Nigerian manufacturing was held by foreigners while all levels of Government held 18% leaving only 13% in the hands of the Nigerian petty-bourgeoisie.[2]

Foreign capital dominance, the Nigerian civil war (1967-70), and the changing world economy of the 1970s motivated the Nigerian petty-bourgeoisie through the Second and Third National Development Plans to seek to modify

1. Federation of Nigeria (1962) Nigeria National Development Plan 1962-68 Federal Ministry of Information, Lagos, P.21.

2. Ajakaiye, D.O. (1984) "Impact of policy on Public Enterprise Performance in Nigeria" Nigerian Journal of Economic and Social Studies (NJESS), Vol. 26 No.3, p. 376.

foreign capital in the Nigerian economy. This was to be achieved through the Nigerian state which the Second Plan said would 'occupy the commanding heights' of the national economy. The Nigerian petty-bourgeoisie saw the public enterprises created under the Second and Third Plans and the two Indigenisation Decrees (1972/77) as crucial in Nigeria's quest for true natinal economic independence, as it was a way of avoiding the dangers of leaving vital sectors of the national economy to the whims of a private sector operating often under the direct and remote control of foreign multinationals.

Conscious of the relative dominance of the Nigerian capitalist process by foreign capital, whose sincerity of purpose in the quest for developing a growing self-reliant economy was in doubt, the Nigerian petty-bourgeoisie, via the state, decided to use public enterprises to reduce this dominance in certain areas of the economy. At the same time, the Nigerian state decided to use public enterprises to shift the frontiers of capitalist development in areas where Nigerian private investors are uninterested for reasons including size of capital, risks, entrepreneurial inertia and lack of expertise. Finally, the Nigerian state through its public enterprises, was able to attract foreign capital interests in the form of technical partners' and 'joint-ventures' - all of which were consistent with the Nigerian petty bourgeoisie's aspirations and strategy for a capitalist development in which they could accumulate capital and become a national bourgeoisie.

D E D I C A T I O N

This Dissertation is dedicated to my father Chief J.I. Ola OLOGBENLA (SOOKO OMOLASIMI OF ILE-IFE) who struggled to educate his children,

and also

to my wife, Taiwo Oluyemisi, who gave me moral and financial support throughout the writing.

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ABBREVIATIONS

Throughout this work the following abbreviations have been used for brevity:

- C.O. Colonial Office (London)
- F.O. Foreign Office (London)
- JOSPROF - Jos Profile
- KANOPROF - Kano Profile
- MESW - Marx/Engels Selected works
- NAI - National Archives, Ibadan
- NAK - National Archives, Kaduna
- PRO. - Public Records Office (London)
- R.C.I. - Royal Colonial Institute (London)
- R.H. - Rhodes House (Oxford)
- SAP. - Structural Adjustment Programme.

PSALM 131

LORD, MY HEART IS NOT HAUGHTY,
NOR MY EYES LOFTY:
NEITHER DO I EXERCISE MYSELF
IN GREAT MATTERS,
OR IN THINGS TOO HIGH FOR ME.
SURELY I HAVE BEHAVED AND
QUIETED MYSELF,
AS A CHILD THAT IS
WEANED OF HIS MOTHER:
MY SOUL IS EVEN AS
A WEANED CHILD.

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CHAPTER 1

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

In order to develop the subject - an analysis of the Nigerian agrarian and extractive economy in colonial and post-colonial times, the concept of imperialism must be examined. Imperialism denotes a particular relationship: "a relationship of a hegemonic state of a people or nations under its control."[1] At one level, the essence of imperialism is domination and subordination and the concrete ways in which this takes place include: slavery - in which the conqueror takes slaves and plunders the wealth of the conquered; colonialism, which is based upon the use of state power to destroy, undermine, or restructure indigenous modes of production and lay the foundation of a new mode of production in order to direct primitive capitalist accumulation through state agencies and oligopolies/monopolies; and in recent times, international relations of dependency which distort and exploit the economies of peripheral states such as Nigeria.

The early writers on imperialism include Hobson (1906), Hilfelding (1910), Luxemburg (1913), Bukharin (1915) and Lenin (1916). This group of writers analysed imperialism as it was emerging in the last two decades of the 19th century. They dealt with three aspects of this phenomenon:

(a) the essence of imperialist rivalry for new sources of raw materials and markets;

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1. Lichthein G. (1971) Imperialism, Harmonsworth Penguin.

(b) concentration of capital;

(c) the primacy of monopoly capital as a major concern.[1]

Although these major pre-occupations relate to our problem in this study, we are more concerned with (a) and (c) because these will help us understand the processes by which primitive capitalist accumulation has taken place in the capitalist periphery, and the role of the state in the process.

In this process, Nigeria served as a British satellite, and in various ways, contributed to the development of British capitalism. Prior to the 1880s, capitalist expansion from metropolitan Britain came to Nigeria largely through trade. This process changed and took on a political form in the 1880s in the wake of the "Scramble for Africa" which culminated in the Berlin Conference of 1884/5.[2]

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1. With the exception of Hobson the following writers are referred to as the 'classic writers' on imperialism:
Hobson, J.A. (1902) (1938) Imperialism: A Study, London: Allen and Unwin,
Hilfelding R. (1910) Finanz Kapita, Vienna 1910
Luxemburg, Rosa (1913) (1963) The Accumulation of Capital, Routledge and Kegan Paul
Bukharin, N.I. (1915) (1929) Imperialism and the World Economy, London: Martin Lawrence.
Lenin, V.I. (1916)(1970) Imperialism, the Highest Stage of Capitalism, Peking: Foreign Languages Press.

2. The Berlin Conference of 1884/5 was called by Bismarck at the instigation of the British because of the growing competition between European traders in West Africa and also because of the need to accommodate Germany who had joined the British and French traders in Africa in search of raw materials and markets for their industries especially after the German Unification of 1870.

At the Conference, Britain's claims over the River Niger and the surrounding territories were accepted but Britain, like other European powers, had to occupy and administer the new territory. However, unable to run such a vast water-way and territory, the British Government granted a Royal Charter to the Niger Company in 1886. The Charter gave the Company (then the Royal Niger Company) political authority and economic monopoly over trade in the Protectorate of the Niger districts to the displeasure of African intermediaries and other European traders who were also excluded until 1900.

The revocation of the Company's Charter in 1900 marked the beginning of a new era in British imperial policy in Nigeria. Although Nigeria had been gradually incorporated into the World Capitalist Economy, this became intensified and accelerated through actual conquest and the imposition of colonial rule.

The imperial policy of primitive accumulation which had earlier relied on trade and brutal force through the Royal Niger Company and other trade monopolies, and on the 'Gun Boat Diplomacy', now settled down to the nitty-gritty of creating an economy through the use of a colonial state. The colonial state in this regard helped to consolidate the various gains made through Treaties and military conquest. At this stage, the dominant motive of the British was simply to use the country it had just subjugated as an agricultural estate to produce raw materials for British factories, and thereby generate some purchasing power to enable Nigerians buy the manufactured products of the same factories. Both objectives would ensure the creation of commercial agriculture, and that primitive capitalist accumulation which took place would not be employed for the development of Nigerian capitalism, but largely transferred to Britain to aid her development and to maintain the colonial state and its apparatus.

The colonial economic system included cash-cropping, forestry, mining and pasturalism. The production of cash-crops was left largely to the peasant farmers, both because Lugard's "indirect rule" required minimum disruption of the traditional land tenure, and there were no ready alternatives to the traditional methods of cultivation employed by the Nigerian peasantry. However, forestry and mining which were less tedious, more lucrative and more capital-intensive were dominated by the British metropolitan bourgeoisie. Thus, at the level of the national economy in the colonial period, the capitalist development process in Nigeria could be said to be based on peasant agricultural production, some mineral extraction and unequal exchange.

At the political level, prior to the 1950s and 1960s, the Nigerian political economy was based on the separation of the various spheres of activities between Nigerians and the European colonialists.[1] In this political arrangement prior to 1946, the most privileged, beneficial and dominant positions, were effectively held by the representatives of the British state and her metropolitan bourgeoisie. However, the immediate

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1. Davies, K.G. (1957) The Royal African Company, London Longmans, Also Pedler Frederick (1974) The Union and The Unicorn in Africa, Heinman,

effect of World War II at the political level was the intensification of demands for fundamental changes in the colonial political system by the "rising" Nigerian petty bourgeoisie for a more advantageous incorporation into the colonial structure at the political, economic and social levels. The various activities and struggles at this time which have been documented under the theme of the Nationalist Movement represented the first and variously defined programme of a "Rising Class".[1] The anti-colonial struggles which were populist in inclination, involved the mobilisation of various other strata and classes such as the workers and peasants, and culminated in the demand for political decolonisation. The result of the struggles coupled with the metropolis, was the institutionalisation of the process of political decolonisation. Beginning with the Richards Constitution of 1946,[2] attempts were made to accommodate and incorporate the petty bourgeoisie at various constitutional or decolonisation conferences. Out of these political struggles, a series of fundamental policy decisions which were to shape the post-colonial capitalist process in Nigeria began to emerge. These represented the attainment of

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1. Sklar, Richard, (1963) Nigerian Political Parties, New Jersey Princeton, University Press, See Also G.O. Olusanya (1973) The Second World War and Politics in Nigeria, Lagos, Evans Press.

2. What became known as the Richards Constitution of 1946 was the first Constitutional attempt at Decolonisation after World War II. Sir Arthur Richards without due consultations with the Nigerian people initiated and imposed with the backing of the Colonial Office a Regionalised constitution which was a half-measure between a Federal and a Confederate Constitution. Sir Arthur was recalled to London in 1948 and Sir John Macpherson took his place as Governor in 1948.

a kind of compromise between the British metropolitan bourgeoisie and the rising petty bourgeoisie.

The policies adopted by the colonial state which hinged around the promotion of these two class interests were expressed eventually within the framework of a development ethos concretised in a development planning strategy and the creation of essential institutions for their effective implementation. The main agency for effecting this was, of course, the Nigerian Colonial State. The previous economic development process had already been expressed in the Colonial Development Act of 1929[1] whose basis was the undisguised use of colonies to undertake primitive capital accumulation so as to further aid the development of the British economy during and after the Great Depression

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1. The Colonial Development Act of 1929 was enacted as a result of the inaugural meeting of the Colonial Development Advisory Committee (ICDAC) held on 1st August, 1929. The Secretary of State sent a circular telegram on 7th August, 1929, and a Circular Despatch on 10th August, to inform the 57 Colonial and Mandated territories of the purposes and machinery of the Act. The Committee's First Interim Report stated that "While the Committee has no reason to be dissatisfied with the progress thus far realised (in the colonies) it is not convinced that a sufficient number of new projects of a sufficiently ambitious character will be coming forward for consideration to enable full advantage to be taken of the wide vision with which Parliament has offered £1,000.000 each year for the purpose of Colonial Development." The Report concluded: The Committee has given careful thought to the matters and has recently suggested to the Secretary of State possible methods of increasing the usefulness of the fund. It has invited consideration, for instance, of the proposal that selected emissaries with special engineering, agricultural, Scientific or other qualifications might usefully be sent out to particular colonies to assist the local Governments in reviewing the potentialities for development in the Colonies, and the relevance of the Colonial Development Fund to such potentialities: See Colonial Memorandum 3540 April 1930 Para. 44 and 47. Quoted in D.J. Morgan (1980) The Origins of British Aid Policy 1924 - 45. London; The Macmillan Press, pp. 46 - 48.

of 1929/33. This was superseded by the 1945 Development Act[1] whose conception of development now included some direct benefits to the Colonies and Dependencies. It was in pursuit of this new development strategy of compromise and incorporation of the rising Nigerian petty bourgeoisie that the various institutions that were to constitute the essential basis of the Nigerian State involvement in the capitalist process were established.

An examination of policies and institution formation from 1946 shows attempts at balancing the dual aims of: (i) economic development through continuing private foreign investment dominated by British capitalists; and (ii) economic development through the expansion and encouragement of indigenous capital. Discussions of the essence of this strategy have been offered by various scholars with only a few touching explicity on its political and class content. This constitutes a major focus of this study.

Finally, in the post-colonial period, this strategy also involved the continued use of existing institutions such as the Marketing Boards, in essentially the same way as under colonialism except for the fact that primitive capital accumulation was now partially channelled internally for the benefits of the indigenous petty bourgeoisie, rather solely for the benefits of the British metropolitan bourgeoisie.

1. The Colonial Development Act of 1940 gave allocations to each territories as follows: West Africa £1,280.00 East and Central Africa £1,050,000. Middle East, Pacific and Mediteranean £750,000. West Indies £1,250,000 Bermuda and the Bahamas £35,000 per annum. These were not implemented until after World War II.

At Independence, the class project of the domestic petty-bourgeoisie who took over political power from the British metropolitan bourgeoisie involved the extension of its participation in the economy, the promotion of the capitalist process through private foreign investment and this required the shifting of foreign capital participation from commercial and distributive trade to industrial production. This was a shift from merchant capital participation to that of industrial capital participation. This attempt at modifying British and other foreign capital presence in Nigeria through redeployment was achieved through the emphasis on the development of industrial production and the enactment of attendant legislations, the granting of fiscal incentives, such as tax relief, the provision of necessary infrastructures and the provision of a conducive economic and political climate. The pressure on foreing capital then was that it should move into the area of import-substitution, industrialisation and other more sophisticated and complex economic activities, thus leaving room for the domestic petty bourgeoisie to take over distribution and other less complex sectors of the economy.

As for the development of indigenous capitalism, the emphasis was on primitive accumulation of capital and the provision of suitable conditions for reproduction and growth. Thus, several mechanisms, apart from the involvement of the Nigerian State and parastatals, were employed. The process according to Schatz (1977) took three main forms.[1]

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1. Schatz, S. (1977) Nigerian Capitalism, Berkeley University Press, Chapters 9, 10, 12.

These were:-

(1) Demand channelling, which involved the preferential treatment of local manufacturers in terms of the award of government contracts. An illustration of this is the Federal Government's 'Approved Manufacturers' Scheme.

(2) The provision of loans, grants and credit facilities which involved attempts to solve the "Capital-Shortage" situation and complaints of indigenous entrepreneurs. The creation of the Nigerian Industrial Development Bank (NIDB) and the Nigerian Bank for Commerce and Industry (NBCI) is illustrative.

(3) The provision of supportive infrastructural and technical facilities geared mainly at minimising environmental and other conditions inhibiting efficiency, reproduction and growth. An illustration of this was the creation of industrial estates and nurseries for indigenous small-scale industrialists.

Despite these efforts, British and other foreign capital dominated the Nigerian economy, Thus, the policies that were advantageous to the local petty-bourgeoisie were the products of struggles in the Legislative House, the Executive branch, and the private sector class organisations such as the Chambers of Commerce. This was reflected in the incessant struggles for "nationalisation", "indigenisation", and "Nigerianisation" of both ownership and personnel that eventually culminated in the modification of British and other foreign capital presence provided by the Nigerian Enterprises Promotions (Indigenisation) Decree No. 4 of 1972, later amended and extended in 1977.

Finally, in its effort to modify foreign capital presence in Nigeria and institute its own class policy, the domestic petty-bourgeoisie used politics and the state to enhance that interest individually and collectively. Both Williams and Turner (1977) and Schatz (1977)[1] among others, noted the importance of these in the primitive accumulation process. The role of politics in this context included:-

(1) Providing the direction and basis for the formulation of state policies on the economic development process.

(2) Direct use of politics as a means of gaining access to state resources from which private material benefits are then gained;

(3) The use of the formal political process and institutions of the state as instruments and means of either blocking the access of some significan collectivities or groups (such as workers and peasants) to strategic positions in the structure, or to marginalise them collectively, while incorporating some of their members as individuals.

The above then constitute the general background upon which the present study is based. In summarising this section of our work, it is necessary to indicate that these changes form a largely pre-capitalist mode of production to a cash-crop colonial capitalist mode, and in the post-colonial period to oil-based, import-substituting industrialisation

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1. Schatz (1977) Ibid., pp. 151-166, Williams, G. and Turner, T. "Nigeria" in John Dunn (1977) (ed.) West African States, Cambridge C.U.P.

under a dependent capitalist social formation, are reflected in the pattern of primitive capitalist accumulation taking place in Nigeria. At this juncture, a statement of the problem is necessary before further elucidation of the issues addressed.

1.2. STATEMENT OF THE PROBLEM

Previous investigators and theorists have, to a great extent, traced the development of capitalism to the alienation of the peasantry or serfs from the land, overseas trade and plunder, slavery and colonialism. Marx, in Capital, Volume 1[1] specifically explains the dynamics of capitalism - the historical moment of its birth, its later development and its future demise. Fundamental to that explanation and the natural starting point is an analysis of the forces that brought capitalism into being in England and the rest of Western Europe, North America and Japan, and how it has reached other continents of South America, Asia and Africa. Before we undertake an analysis of the dialectics of the capitalist process, it is necessary to provide a definition of capitalism from the Marxian perspective.

Marx defined capitalism by its mode of production. It is that mode of production in which the bourgeoisie are owners of the means of production. And their antithesis, the proletariat (workers), own only the labour-power and sell it as a commodity to the capitalists. The chief aim of the bourgeoisie is the appropriation of surplus value (in terms of profit, rents, interests, etc), in other words - to accumulate capital.

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1. Marx, K. (1974) Capital I. Lawrence and Wishart

While capitalism has its products as commodities, which are mainly exchanged for money, in a modern economy, these exchanges are not the hallmark of the system. Indeed, the heart of capitalism is not in the circulation but in the production sphere, where the labourer works under the control of the capitalist (or his manager) and the capital employed is the private property of the capitalist. J.A. Hobson laid down the essential conditions for the development of capitalism as follows:-

First, a production of wealth not required to satisfy the current wants of its owners, and therefore saved.

Second, the existence of a labouring class of proletariat deprived of the means of earning an independent livelihood by putting their productive labour power into materials which they can freely appropriate, purchase, or hire, consuming or selling the product for their own advantage.

Third, such a development of the industrial arts as enables indirect methods of production to afford profitable employment to organised labour using tools or machinery.

Fourth, the existence of large, accessible markets with populations willing and economically able to consume the products of capitalist industry.

Fifth, the capitalist spirit, or the desire and the capacity to apply accumulated wealth (capital) to profit making by the organisation of industrial enterprise.[1]

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1. Hobson, J.A. (1954) The Evolution of Modern Capitalism, Unwin.

With this definition as background, we can discuss briefly the works of some writers who adopt the dialectical method in tracing the origins of capitalist development in Western Europe, North American and Japan as a base for locating the extension of that process to Africa.

Maurice Dobb in Studies in the Development of Capitalism[1] states that the main force which led to the decline of feudalism and the rise of capitalism was internal: "It was the inefficiency of feudalism as a system of production, coupled with the growing needs of the ruling class for revenue, that was primarily responsible for its decline."[2] This led to the over-exploitation of the labour force, to the desertation en masse of serfs from their lords' manors, to the adoption by the feudal ruling class of certain economic measures which included the commutation of labour-services for money, leasing of demense lands to tenant farmers, etc. It was these changes that led finally to the transformation of production relations in the countryside from feudal forms to commercial capitalist ones. The internal contradictions of feudalism destroyed that mode of production, aided, however, by external factors such as the growth of trade and of market towns.

Furthermore, in the interval between the beginning of the disintegration of feudalism and the development of capitalism as a new mode of production, the mercantile mode run by merchants emerged. This group gained its wealth

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1. Dobb, Maurice (1978) Studies in the Development of Capitalism. New York International Publishers Seventh Printing.

2. Dobb, Maurice (1978) Studies in the Development of Capitalism, p. 45

through trade and plunder abroad and through the acquisition of monopoly powers at home, which allowed it to intervene profitably between producers and consumers. Dobb points out that this merchant bourgeoisie "compromised with feudal society once its privileges had been worn," so that by the end of the 16th century it "had become a conservative rather than a revolutionary force."

The capitalist class, which emerged on the heels of the merchants, concentrated capital in its hands through:

(1) speculative gains from land transactions;

(2) usury;

(3) profits from widening free markets and from changing the merchant mode of production to raise labour productivity; and

(4) forceful acquisition of the wealth of others (e.g. land by expropriation).

This rising industrial class came into conflict not only with the remnants of feudalism - urban localism and the monopolies of the craft guilds - but also with "the restructive monopolies in the sphere of trade in which merchant capital was entrenched". The European political struggles of the 17th and 18th centuries reflected the complexities of these fractional antagonisms.

Thus, the whole period of primitive accumulation by the bourgeoisie was an essential stage in the development of capitalism, a period which Marx called "Primitive (or original) accumulation."[1] In Capital, I, Marx described primitive

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1. Marx, Karl Capital Vol. i pp. 221 - 122

accumulation as the process through which the embryonic capitalist mode of production arose and extended itself while dissolving the feudal mode of production. During this period there was a transfer and concentration of wealth in bourgeois hands. This prior accumulation was necessary to enable the new bourgeoisie to break up or subordinate to capital the petty commodity system of production (independent small-scale agriculture and handicrafts) which was the legacy of feudal society.

However, according to Dobb, the formation of the bourgeoisie was not sufficient to usher in capitalism, because capitalism requires a labour force or a labouring class, dispossessed of its means of production (e.g. land), with no nothing left but its own labour-power, otherwise it would not be willing to work for others. Dobb explains: "The essence of this primary accumulation (consists in) the transfer of property from small owners to the ascendant bourgeoisie and the consequent pauperisation of the farmer."[1] That is to say financial enrichment alone was not enough. It had to be the turning of the "pigmy property of the many into huge property of the few."[2] In short, the very same process both enlarged and concentrated capital and simultaneously created "free" labour, in the two senses that it could now seek employment where it liked and had been freed of its possessions.

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1. Dobb, Maurice Pop. Cit. pp. 224 - 225

2. Marx Op. cit. p. 716

England was the first country in Europe to undergo this process of transformation to capitalism. From the 1500s, feudal retainers were disbanded, while peasants were released from the land through land enclosures (for the raising of sheep), and changes in methods of tillage, the confiscation of the lands of the Catholic Church and increases in population all helped the "emergence" of an embryonic English proletariat. The result of such a process was the growing army of dispossessed people who roamed the country-side as vagrants, whereupon, as Marx said, they were persecuted and harassed with " a bloody legislation against vagabondage".[1] Later in the 1600s and early 1700s, as land continued to be enclosed, as semi-feudal relations were redefined by landlords to the disadvantage of peasants and as agricultural depression ruined many small-holders, some of the new dispossessed sought work in rural domestic industry or as agricultural wage labourers, while others drifted into towns and cities to seek employment in small workshops. Thus, by about 1750 the capitalist mode of production was fairly well implanted in agriculture, thereby ensuring the existence of a relatively small group of large land owners and a mass of dispossessed proletarian wage labourers.

In Capital, Volume 1, Marx declared that "The expropriation of the agricultural producer, of the peasant, from the soil, is the basis of the whole process of capitalist development."[2] Marx contended that enclosures were a crucial part of the transformation of feudalism to capitalism, and hence, of

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1. Dobb <u>Op.cit</u>. pp. 224 - 225
2. Marx. Op. cit. pp. 737-739.

the birth of the modern proletariat. Finally, Marx asserted that this process was repeated in other European countries, though, he wrote, "it assumes differenet aspects, and runs through its various phases in different orders of succession, and at different periods."[1]

V.I. Lenin in the Development of Capitalism in Russia[2] also took the process of dissolution of the peasantry as his focus for studying the emergent capitalism in Russia, For Lenin, the fundamental transformation in rural social relations was the precondition of the emergence of capitalist production and accumulation. In this case, the polarisation of the agricultural producer (dissolution of the peasantry) involves two essential conditions for the development of capitalism: emergence of capitalist relations of production (concentration of means of production and proletarianisation), and the separation of industry from agriculture. These two processes are integral to each other, constituting "primitive (original) accumulation" from which capitalism could take off. Thus, Lenin wrote:

> The separation of the direct producer from the means of production, i.e. his expropriation, signifying the transition from simple commodity production to capitalist production (and constituting the necessary conditions for this transition), creates the home home market.[3]

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1. Ibi-. op. cit. pp. 714 - 15

2. Lenin V.I. (1967) The Development of Capitalism in Russia, Moscow, Progress Publisher.

3.Lenin, V.I. Op. Cit. Ibid. p. 69

Using the "home market" as a conceptual tool, Lenin insisted that it presupposed the decline of the small commodity producer and the development of capitalist commodity production, based on class relations as the expropriation of the direct producer's means of production. The material elements of production (land, machines, raw materials) became concentrated in the form of capital, and a market for consumer goods expanded as a result of the conversion of the labourer's former means of subsistence into money wage. The character of the commodity market has been transformed together with the social relations of production. For Lenin:

> The 'home market' for capitalism is created by developing capitalism itself, which deepens the social division of labour and resolves the direct producers into capitalist and workers.[1]

Against this background, Russian capitalism showed two specific peculiarities. In sharp contrast to both Germany and Japan, the indigenous bourgeoisie in Russia was overwhelmed by a massive inflow of foreign capital into the industrial sector of her economy. By 1900 foreign investments had come to represent about one half of joint-stock company investment in Russia, and were concentrated precisely in the sectors which spearheaded primitive accumulation in this period. Here the chief basis of absolutism was not the alliance of the Russian bourgeoisie with the old feudal elements, as it was in Germany and Japan, but there was a relative preponderance

1. Ibid. p. 70.

of European capital. According to Rosa Luxemburg:

> German and French money is rolling into Petersburgh to feed a regime that would long ago have breathed its last without this life-giving juice. Russian Czarism is today no longer the product of the Russian conditions, its root lies in the capitalist conditions of Western Europe.[1]

What Luxemburg is saying is that capitalist development in Russia very much depended on foreign capital since the Russian bourgeoisie was not in a position to carry out its historic role of staging a bourgeoisie revolution.

Finally, the process of accumulation took on a protracted but discontinuous and recurrent character. Phases of intensified primitive accumulation were followed by periods of relative stagnation and decline. Together these perculiarities of Russia's capitalist development made the objective conditions for a proletarian revolution far riper there than in Germany or Britain in 1917 for the following reasons:

(1) a weak and compromising bourgeoisie,

(2) a working class built up in concentrated units of production by foreign investment boom,

(3) a fiercely repressive autocracy, and

(4) a peasantry crushed by the fiscal policies of primitive accumulation. All these factors made the Russian situation quite different from that of Western Europe and North America or Japan.

In North America and the Caribbean, the development of capitalism took an even more peculiar form. Although

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1. Luxemburg, Rosa (1970) Pamphlet, Rosa Luxemburg Speak, London Pathfinder.

the seizure of North America with all its natural resources and the genocide against the Indian population that accompanied British, French, Spanish and Portuguese colonisation prepared the way for the rise of North America capitalism, there was no labour force to work this vast land. In other words, capital (in the form of land) was readily available, but there was no labour force to put it into production.

The solution to this problem has been analysed by Eric Williams in Capitalism and Slavery.[1] Williams' analysis shows that this imbalance between the ready availability of capital in the form of land, raw materials, and liquid funds on the one hand, and the lack of a sufficiently large labour force on the other, led to slavery in the early period of capitalist development in North America and the Caribbean. At first, Williams pointed out, this imbalance gave rise to a capitalist-generated slave mode of production and later to capitalism itself. For Williams, efforts were made to force the Indians into service for commodity production. The failure of these efforts led to heavy reliance, first on white indenture servants, convicts, and other forms of unfree labour from Europe. But Indian slavery and white servitude were both inferior, from the capitalists' standpoint to Black African slaves, who proved to possess the cheapest and best labour-power.

The reason for black slavery, Williams sumarises, "Was economic, not racial. Slavery was not born of racism; rather, racism was the consequence of slavery. Unfree

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1. Williams, Eric (1964) Capitalism and Slavery, London. Andre Deutsch.

labour in the new world was brown, white, black and yellow, Catholic, Protestant and pegan"[1]. Indeed, capital sought labour-power whereever it could find it, enslaved it if it had to, bought it on the market if it could. Economics then, lay at the heart of both slavery, and its abolition. Slavery allowed primitive accumulation to take place at a quicker rate in Norther America than in England and the rest of Europe.

Outside Europe and North America, the most notable growth of an indigenous capitalism has taken place in Japan. The rapid early growth of capitalism in the Meiji era (starting in 1868) was accompanied by pressure on the agricultural population similar to that which attended the emergence of capitalism in Europe. William Lockwood in The Economic Development of Japan[2] described how masses of peasants were driven into tenantry and debt in the first 25 years of the Meiji period, and how an escape from this condition was made almost impossible by the high price of land, high rents, and usurious interest rates. According to Lockwood, the mounting surplus of farm population had to find employment increasingly outside agriculture, and,

> those families which remained on the farm also sought supplementary income, either through part-time employment in local industries or through putting their reluctant daughters into textile factories in the towns and cities.[3]

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1. Williams, Eric. Op. Cit. p. 77.

2. Lockwood, W.W. (1963) The Economic Development of Japan: Growth and Structural Change. New Jersey: Princeton

3. Ibid. pp. 25 - 26.

Japan, he stated, thus, repeated the earlier experience of many European countries, the pressures on the Japanese peasants being especially reminiscent of those experienced by the English yeomen a century or more before.

Lockwood has also drawn a rough parallel between the ways in which some of the European and Japanese proletariat were recruited. In Japan, low-wage female labour was recruited for the textile industries.

> Wages were low even by Japanese standards... There were no factory laws, Any organisation of workers to bargain collectively or strike was effectively forbidden under the Police Regulations of 1900.[1]

A peculiar aspect of Japanese industrialisation is that primitive accumulation was directly linked to sharp increases in agricultural productivity which were absorbed in rents and profits, and which the state channelled into industrial expansion through fiscal mechanisms. There was nothing comparable to this in the Western European capitalist process, except in Bismarck's Germany. Japan capitalist development was closer to that of Germany in that due to its late entry and the relative backwardness of its bourgeoisie, the leading personnel of the state came to be constituted by elements of the old feudal classes and the capitalist industrialisation thus preserved a certain bureaucratic and semi-fuedal relationship. Here capitalism had to be erected on the basis of fusion rather than conflict (as was the case in England) with absolutism.

Having outlined the development of indigenous capitalism in England and Western Europe, North America and Japan, we

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1. Ibid. p. 30.

now turn to analyse how, and in what form, capitalism has taken place in the periphery through the concept of "combined development" in the World Capitalist Economy.

Marx's and Engels' analyses of capitalism in the 1850s portray capitalism as a progressive force. They insisted that through colonialism, free trade, etc., capitalism will be transmitted from the capitalist centres and spread through the undeveloped nations by a continual process of destruction and replacement of pre-capitalist structures. In, On Colonialism, Marx discussing "The Future Results of British Rule in India" wrote:

> England has to fulfil a double mission in India: one destructive, the other regenerative - the annihilation of Old Asiatic society, and the laying of the material fundations of Western (capitalist) society in Asia.[1]

As a result of this destructive-regenerative nexus, Marx believed that a series of new capitalist societies would arise, whose development would be similar, in the Post-Colonial period, to that of the developed capitalist centres.

Contrary to Marx's and Engels' hopes, colonialism and free trade have not brought about a series of autonomous capitalist development in the periphery. And in India, the opposite has taken place. Jawaharlal Nehru in The Discovery of India, insisted that:

> ... Nearly all our major problems today have grown up during British rule and as a direct result of British policy, the princes, the minority problem; various vested interests, foreign and Indian; the lack of industry and the neglect of agriculture; the extreme backwardness in the social services; and above all, the tragic poverty of the people....A significant fact which stands out is that those

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1. Marx. K. and Engels F. (1978) On Colonialism, Progress Publisher, Moscow p. 82.

> parts of India which have been longest under British rule are the poorest today.[1]

Through trade, plunder, colonisation and multilateral imperialism, the formation of a unified international market transfigured the World Economy as the old system of scattered pre-capitalist modes of production disintegrated in the epoch of colonial imperialism. Behind this process lies the essential fact that the national components of World Economy were increasingly bound together through a hierarchy of forms of dependence and domination into a unified international structure. The unity of the World Economy and the relative dependence of the "parts" of that economy on the "whole" is the necessary point of departure in any discussion of imperialism and capitalist development, or lack of it, in the periphery.

V.I. Lenin has described the major historical forms of capitalist expansion, as firstly,

> the development of capitalism in depth, i.e. the further growth of capitalist agriculture and industry in the given, definite, and enclosed territory; and secondly, the development of capitalism in breadth, i.e. the extension of the sphere of the capitalist domination to new territory.[2]

But while both colonisation and colonialism were the effects of a certain "horizontal" development of capitalism, the development in breadth and the historic tendencies which they embodied were quite different. In the colonies which capitalism subjugated (such as Nigeria), as opposed to the others which it merely populated (such as Jamaica), the extension of the sphere of capitalist domination assumed a complex and indirect aspect. In these colonies, e.g. Nigeria, Ghana, Uganda and many others, capitalism did not totally eradicate pre-capitalist modes of production, now

1. Neru, Jawaharial (1960) The Discovery of India, N.Y. Doubleday Anchoer p. 208.

2. Lenin, V.I. (1967) The Development of Capitalism in Russia, Moscow, Progress Publishe[illegible] [illegible]er 8.

fill the vacant spaces with industries, nor create internal markets. The population it encountered consisted largely of peasants and, far from uprooting their existing forms of production through their expropriation and conversion into wage-labourers, so as to lay the foundations of an internal expansion of its own mode of production, capitalism first distorted, and then imparted a certain solidity to, those forms and exploited them in the interest of capitalism and the colonial state itself.

In discussing the relationship between imperialism and the colonial state, John Taylor, in Modernization and Modes of Production asserts that:

> imperialism establishes a colonial state whose primary economic task was to undermine the existing system of production that preserved the unity of the direct producers with their means of production. The colonial state was able to block the reproduction of the existing non-capitalist mode by restricting the ability of the dominant class to extract surplus labour, through political means by depriving this class of its hold over state power, or (and) by destroying the system of production from which they extracted surplus labour.[1]

This was the typical scenario for many colonies.

The colonial capitalist mode of production assumed several historical forms whose peculiarities were determined in general by whether imperialism restructured the precapitalist mode of production in a given territory or installed a mode of production where none existed, and in particular by the

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1. Taylor, John (1979) From Modernisation to Modes of Production: A Critique of the Sociologies of Development and Under-development. Macmillan Press, p. 209

specific form of restructuring of the pre-capitalist modes of production. The most important of these forms of restructuring in a given mode of production were:

(a) incorporation of the peasantry into big estates or latifundios like those prevailing in Kenya, Brazil, etc.;

(b) the peasants' rapid integration into the World Market Economy and their subjugation to the dominance of merchant and usury capital as in Egypt and Nigeria; and

(c) rapid destruction of the productivity of the pre-capitalist modes of production by economic and "bloody legislations" as part of an international means of accumulation, e.g. in South Africa and Namibia.

Thus, where the incorporation of the peasantry into large estates or latifundios was the dominant mechanism of imperialist restructuring of the pre-capitalist modes of production the colonial capitalist mode assumed a distinctly semi-feudal character. But where the basis for the colonial capitalist mode was the peasants' relation to the World market and where this relation was structured and sustained mainly outside the economic and juridicial framework of big property through the peasants' bondage to merchant and usurer capital, the colonial capitalist mode of production took on the character of a semi-colony, e.g., Egypt before Britsih occupation. Finally, in the settler colonies of North, East, and Southern Africa, the colonial mode of production emerged as a purely transitional and subordinate phenomenon, fueling an internal expansion of the capitalist mode of production.

In the Nigerian case, Britain's 'predatory' colonial mission in India was replicated. Here, the transitional conjucture between the British capitalist mode of production led first, to military subjugation and later to systematic capitalist penetration. Once the British bourgeoisie realised the potentials of West Africa as a whole, they encouraged British Missionaries, private traders and companies, and gave a Royal Charter to the Niger Company. Through the colonial state, the British bourgeoisie were able to coerce the traditional aristrocracy in Nigeria as the pre-condition for the capitalist socio-economic transformation of these pre-capitalist modes. The colonial state mechanisms for achieving these objectives included: the destruction and the restructuring of traditional land tenures, forced labour, imposition of various taxes to be paid in British money, thus forcing peasant commodity producers into wage employment, unequal exchange (trade), commercial agriculture, cash-crop production.

Finally, the atrophy of accumulation on the plane of industry played a far more decisive role in constricting the expansion of the home market and shaping the mechanism of colonial stagnation in Nigeria. In contrast to earlier processes of primitive capitalist accumulation, the relative lateness of Russian, German and Japanese industrialisation determined the special importance of the state in starting and accelerating the process of expanded reproduction. That is to say, in certain social formations of late capitalist development capitalism was "an offspring of the state". On the other hand, the necessary condition for this type of intervention, and the whole process of primitive capitalist accumulation, namely, the national autonomy of the state, was historically absent in the colonies and semi-colonies until the 1950s and 1960s when the British and the French Empires disintegrated. In these colonial capitalist social formations, the state was either directly controlled and dominated by imperialists, or indirectly dominated through financial and diplomatic means. In the formation directly subjugated by imperialism, the refusal of the later to formulate policies which encourage internal accumulation decisively delayed the emergence of an indigenous bourgeoisie by several decades.

Since the primary task of this study is the examination of peripheral capitalist development and the elaboration of its pattern in Nigeria, we shall not dwell further on the initiation and development of that process, but will reserve our analysis for appropriate chapters of our study.

The objective of the study is to investigate the institutionalisation and developmett of peripheral capitalism in Nigeria in the colonial and post-colonial period, and how British and other foreign capital has been modified by the Nigerian petty bourgeoisie (the dominant class). Thus, we shall examine the emergence and development of the capitalist mode of production in the Colonial/Post-colonial capitalist social formations in general, and specifically, within the framework of the contribution that has recently emerged within the political economy of Africa.

Finally, allied to the central problem of this study are the following sub-problems:-

(1) What were the major instruments employed to establish peripheral capitalism in Nigeria?

(2) Why did the capitalis process so initiated by these instruments aid British appropriation of Nigeria's econmmic surplus rather than aid the emergence of an independent Nigerian capitalism?

(3) Under what circumstances did the Rising-Bourgeiosie emerge and engage the British in struggles for the control of the Nigerian States?

(4) In the post-colonial period, what has the Nigerian bourgeoisie done to modify or transform the colonial capitalist mode of production?

(5) Finally, has the Nigerian bourgeoisie been able to channel the economic surplus extracted from primary sources and through contracts from the state into productive investments in support of the development of an independent capitalist economy?

In brief, the above issues represent the major problems that have animated this study. At this stage, it is necessa,, to discuss the basic objectives of our study.

1.3 THE OBJECTIVES OF RESEARCH

The main purpose of this thesis is to analyse the historical and concrete development of peripheral capitalism in Nigeria as a case study of the theory of the emergence and development of the capitalist mode of production in under-developed countries. In the Nigerian case, we shall examine and evaluate the stimulus provided by the British metropolitan bourgeoisie and its economic policies in the process of intituting a dependent capitalist development process in Nigeria and how this has developed since. Another aspect of our analysis of the capitalist process is the role of the state in the accumulation process.

It is assumed that by encouraging cash-crop production, levying taxes, organising markets and creating appropriate institutions and infrastructures, the British metropolitan bourgeoisie gave a boost to the capitalist process in Nigerian agriculture. In contrast, the refusal to invest capital accumulated from agricultural exports in the processing of agricultural produce and thereby creating backward linkages with the rest of the economy, hindered the growth of light industries until the 1960s and 1970s. Similarly, the refusal to invest in import - substituting industries until the 1950s had a negative effect on the capitalist process on the industrial front. Finally, in the post-colonial period, a great deal of efforts have been made to employ revenue generated from crude oil export to boost industrialisation and the capitalist process in Nigera. In this process, the petty-bourgeoisie have to some extent modified British and other foreign capital presence in the distributive trade and services sectors and deployed them to industrial and more complex sectors of the national economy.

In our analysis, an attempt will be made to:

(1) analyse the economic objectives of the British metropolitan bourgeoisie in Nigeria and the various factors that motivated them;

(2) describe their imperialist policy of primitive capital accumulation via the colonial state and the organisation of the colonial economy;

(3) describe the relationship between the Nigerian peasantry, the colonial state and British capitalists operating in Nigeria;

(4) describe the factors responsible for the resentment and the organising ideology of the Nigerian petty-bourgeoisie against British rule;

(5) describe and evaluate the attempts to modify foreign capital by the petty bourgeoisie after 1960 and the possible benefits derived by them;

(6) evaluate the effectiveness of the policies adopted and of the institutions created to facilitate capitalist development that favour the petty bourgeoisie; and

(7) consider the future development and prospects of transformation from dependent capitalist accumulation to socialism.

Our purpose has been guided and supported by overwhelming evidence which shows that Britain through trade and conquest, established the colonial economy which made it possible for her national bourgeoisie to undertake primitive capital accumulation in Nigeria by restructuring Nigerian pre-capitalist agriculture. However, since 1960 British capital and other foreign capital presence in Nigeria have been modified by the Nigerian petty bourgeoisie in the bid to accumulate capital and through such accumulation carve out a fraction of the national economy for itself.

Finally, despite the modification of foreign capital presence in the Nigerian economy, foreign capital still dominates the oil, manufacturing, financial and construction sectors of the economy. What this means is that the capitalist process in Nigeria is a dependent one. And that this is so because of the ways in which Nigeria became incorporated into the World Capitalist Economy. Our work will employ the evidence of the research to argue for an alternative approach to capital accumulation and the transformation of the present dependent capitalist economy.

1.4 MAJOR ASSUMPTIONS/HYPOTHESES

Based on the foregoing, the following assumptions form the basis of analysis of this study:

(1) The more British capitalism articulated with pre-capitalist modes of production and social formations, the more the possibilities of a peripheral capatalist development.

(2) The more the colonial state concentrated on agriculture the more the surplus-value generated for its own maintenance, and expatriation to Britain;

(3) The more British colonialism sought to entrench itself, the more the contradictions that eventually led to the anti-colonial struggle;

(4) The more the Nigerian petty-bourgeoisie gained control over national resources, the more they were able to modify British and other foreign capital presence in Nigeria;

(5) The more the Nigerian petty-bourgeoisie accumulated capital, the more they instituted policies which further consolidated their position within the Nigerian capitalist process.

In the light of the above, therefore, the thesis which this study underscores is that the British metropolitan bourgeoisie initiated and established a dependent capitalist process in Nigeria. This process is undergoing modifications by the Nigerian petty-bourgeoisie in the post-colonial period to enhance its class interests and institute its class policy which is the development of a viable capitalist economy in which it could play a major role.

1.5. SIGNIFICANCE OF THE STUDY

This dissertation is important in many respects. The paucity of published critical examination of the capitalist process in Nigeria from the perspective of the Marxian paradigm makes this particular study imperative. Given the peculiarity often associated with the capitalist process in the peripheral areas, the Nigerian experience provides some basis for analysing the prospects and problems involved in this process.

In this sense, our study attempts to establish the significance of dependent capitalist accumulation in Nigeria. In other words, the significance of dependent capitalist accumulation will be shown through an analysis of the roles of the metropolitan bourgeoisie, the domestic petty bourgeoisie and the state in the Nigerian agrarian extractive economy.

This study is important because the achievement of political independence in 1960 was seen as a means of breaking away from the colonial yoke. But this study will attempt to show that this was a false hope. That is, since independence, Nigeria has been further integrated into the World Capitalist Economy.

Also, this study is important for understanding that there is a domestic petty bourgeoisie or a dominant indigenous class, which is conscious of its destiny and seeking to modify and control British and other foreign capital presence in Nigeria. Our study attempts to show that this class is using state power to create its own economic base in the capitalist process.

1.6 DEFINITION OF TERMS

What do the terms "Capitalism", 'promitive accumulation', neo-colonial/dependent economy', the 'state' and 'class' mean in the context of this study?

1. '<u>Primitive Accumulation</u>' - is used to describe the process through which the embryonic capitalist mode of production arose and extended itself while dissolving pre-capitalist modes of production. In its original form 'primitive accumulation' was a class struggly of an intense and revolutionary nature. The result of this class struggle was on the one hand, the dispossession of the means of production from the producers, i.e. peasants, and on the other, their concentration in the hands of non-producers, i.e. capitalist. The ultimate result of primitive accumulation at this early stage was revolutionary in terms of giving rise to a new production relationship with the creation of two classes. In the colonised areas,

the primitive accumulation of capital becomes the confrontation between monopoly capital and pre-capitalist modes of production where productive forces and relations of production in no way approximate the conditions of existence of capital. Furthermore, the coercive force of state power is an integral part of the colonial and non-colonial means of primitive accumulation.

2. '<u>Capitalism</u>' - as a omode of production, is constituted in the following ways: It is an economy based essentially on commodity production in non-household social production units. Social production units are those in which several people cooperate to produce goods and services on the basis of a division of labour.

Because of this <u>social</u> base of capitalist production, although a petty-trader, merchant or artisan may make a profit from sales, he is not a capitalist. Private ownership of the means of production, such as ownership of the means of commerce as capital and trading for profit are all necessary definitive elements of a capitalist-economy, but they are not sufficient. To have capitalism we need a relationship between the owner of capital and another person who works for him in a <u>social</u> production unit.

In advanced capitalist economies we have, on the one hand, private ownership of means of production in the form of profit-yielding capital, and on the other hand, workers who do not own any means of production besides their labour-power, and who, therefore, depend for a living on working for a capitalist. The capitalist employs the property-less worker to produce and/or sell goods for a profit, paying the worker wages/salaries for his labour. This employer-employee or capital-labour relationship between owners of capital who seek profit from the use of their capital, and wage earners or salaried workers who work to produce this profit for the capitalist, is an essential ingredient of the capitalist system. It is not profit-seeking as such that is the seesense of capitalism, but profit-seeking through the private use of capital in an employer-employee production relationship.

3. 'Neo-Colonial/Development/Country Economy'

This may be defined as a country which in a legal sense is self-governing politically, so that the national leaders can take what are formally their own political and economic policy decisions. However, the economy of the country is basically of a colonial type in that it cannot develop by autonomous means, that is, by processes free of the control of Western multinationals. Historically, African states at independence inherited economies that were very much integrated into an international capitalist system of market relations within which they occupied a dependent position. Exports and imports made up a high proportion of the national product. Exports consisted largely of raw materials; imports of a wide range of consumer goods and now increasingly of capital goods. The exports of the Third World that go to the Western countries consist mainly of raw materials, while its imports from the West consist mainly of manufacture goods. It is these relations of inequality between Third World States and advanced capitalist states translated into political and economic domination that breed neocolonialism.

4. The State - is understood in this study as a structure and an instrument of the ruling class. As a structure, the state is regarded as a framework within which political activities that unite the various interests of the petty-bourgeoisie through such sub-structures or apparatuses as the civil service, army, judiciary and police take shape. The modern state has a number of characteristics which collectively define its: territoriality, sovereignty, nationality, membership in an anarchical world systems of states, institutions of rule, legal order, and ideological representation. Its action may be understood with reference to several behavioural determinants which cumulatively embody "reason of state": imperatives of hegemony, security, autonomy, legitimation and revenue.

The state is not simply an inert abstraction; it is, above all, a historical actor, a collective agent of macro-political process. To grasp this dimension, we will sketch the primary imperatives which govern its behaviour. These elements, taken together, constitute a "reason of state" embedded in the "official mind" of the human agents which staff its institutions.

5. Classes - this refers to the various strata in a given society and how these strata relate to one another in the process of production. For example, the ruling class in any capitalist society is a dominant bourgeoisie in possession of the major means of economic production and political power. This class need not be simply monolithic, but may comprise varied interests that tend to become cohesive.

The ruling class possesses the major instruments of economic production and distribution, and the means of establishing its political dominance while the subjected class serves the interests of the ruling class until it (subject class) becomes conscious of its position and undertake collective action (class action) to resist and possibly overthrow the ruling class in various social formations.

6. Petty-bourgeoisie - in classical Marxian literature this is a group which does not belong to the bourgeoisie or the proletariat. It exist in the middle 'ranks'.of developed capitalist society. It includes such people as small property owners, shopkeepers, and small traders, lower ranks of the intelligentsia and liberal professions, etc. In its political attitudes too, this class is divided and ambiguous: it sides with either the bourgeoisie or the proletariat as it desires. Finally, the most important characteristic of this group is that it has never exercised state power. Thus, it is not a ruling class nor even a stratum of the ruling class.

In the African context the petty bourgeoisie led the nationalist struggle against colonial domination and came to control the state apparatus, and thereby became a ruling class, although still subject to the international bourgeoisie However, the most important fact is that the nationalist struggle 'endows the petty bourgeoisie with a function' - the function of ruling.

7. Bureaucratic-bourgeoisie - are part of the petty-bourgeoisie as defined above. However, they belong to the civil service arm of government and the ministerial level of government. The importance of the bureaucratic bourgeoisie is noted in

this study because of the dominant role which the state plays in the national economy since it is involved in policy formulation and implementation. Finally, the weakness of the petty-bourgeoisie allows this group to excercise enormous power in the post-colonial era.

8. Proletariat - refers to workers who do not own any means of production, but sell their labour-power to the highest bidder for wages. In Africa, this proletariat do not exist in its classical sense- a large group of wage-earners employed in large capitalist industry and constituting a substantial proportion of the population did not develop and could not have possibly developed in the conditions of the colonial and, now the post-colonial economies. Nevertheless, a class of wage earners has developed in the transport sector, in the docks, construction, commerce, etc. i.e. at the primary and tertiary sectors. This group played an important role in the nationalist struggle against colonial rule.

9. "Metropolitan bourgeoisie" - refers to the British (and other foreign) bourgeoisie who through conquest and colonialism, and in the Post-colonial period through multilateral imperialism, subjected all elements in the Nigerian society to its politico-economic domination - through the multinational corporations.

10. Peasantry - refers to commodity producers who derived their livelihood from both subsistence and commercial agriculture. As a group, the 'peasantry' created the economic surplus which the British appropriated throughout the colonial period. They played an important role in the nationalist struggle against British imperialism although they have been

marginalised in the post-colonial era.

1.7 TECHNIQUES OF INVESTIGATION/SOURCES OF MATERIALS

In recent times, either with regard to the specific capitalist process or the wider application of the metheds of political economy, the emphasis of investigators have shifted to a multi-instrumental and multi-dimensional approach to the study of societies. This approach has for long been a minor current within political investigation. Nevertheless, we are adopting it as an appropriate approach for the present study. We are also employing the historical approach in our investigation of the growth of colonial and peripheral capitalism in Nigeria.

The empirical material for this thesis was collected from the following sources:

(a) the primary source of data is documentary records. Files, documents, statistics, and other relevant information were collected from the Ministry of Commerce, Trade and Industry,
the Federal Office of Statistics, the Nigerian Bank for Commerce and Industries (NBCI),
the Nigerian Industrial Development Bank (NIDB),
the Nigerian National Archives, the National and University Libraries, the Colonial Office (London) and Public Records - Office (London).

(b) the secondary source of data consisted of periodicals, journals, Government Gazettes, Newspapers, Publications (books and unpublished theses) symposiums and Conference Proceedings.

Data Analysis:

In view of the qualitative nature of this study, we have utilised two techniques both of which fall under the historical method:

1. Dialectics - here we analyse the mechanism employed by the metropolitan bourgeoisie (mainly British) in the process of primitive capital accumulation and in pursuit of its class interests in Nigeria. Similarly, we analyse the process by which the Nigerian petty bourgeoisie has attempted through politics and the state to modify foreign capital in the post-colonial era and advance its class interests. This is the method of comparative dynamics.

2. Statistical Data - these are used to analyse the ways in which foreign capital penetrated the Nigerian economy. The benefit of this incorporation through primitive capital accumulation to the British metropolitan bourgeoisie and the subsequent influence of the Nigerian petty bourgeoisie has directed government expenditure and policies in order to modify British and other foreign capital in Nigeria and at the same time enhance its own class interests. This helps us to determine the nature of class interests and the degree to which the Nigerian bourgeoisie influenced or controlled the state all in an effort to enhance its economic interests. The main statistical tools are time series data presented in tables, simple averages and percentages.

1.8. OUTLINE OF CHAPTERS

The main body of the thesis is in three parts representing the three levels at which the investigation is conducted. In Part I, the concentration is on a statement of the problem, definition of terms, conceptualisation and modes of analysis. The main task is building the theoretical base for our work and the back-ground to our study. Part II concretizes the problem by examining the process by which colonialism established the colonial capitalist economy and the role which the state played in that process. Part III proceeds to analyse the post-colonial economy in depth as this relates to the modification of British and other foreign capital presence in Nigeria by the Nigerian petty bourgeoisie.

Chapter I is the Introduction. While Chapter 2 is the Literature Review of the capitalist process in Nigerian between 1886 and 1980. And in Chapter 3 we analyse various theoretical positions adopted by Marxian theorists on the subject-capitalist development in general, and its specificity in the periphery and the role of the state.

In Chapter 4, we adopt a historical approach to examine the contradictions between British traders, British Consuls and African middlemen and Chiefs. We examine the process by which the British established the colonial state.

In Chapter 5, we concern ourselves with the colonial agriculture policy and the organisation of peasant production. In other words, we are concerned with peasantisation. Our emphasis is on the capitalist penetration of the countryside and the role which the colonial state played through its labour, taxes and land policies in Kano and the effects of these policies on the peasant production process and primitive accumulation as this relates to the capitalist process as a whole.

Chapter 6 concentrates on the takeover of the native tin-production by British firms in the Jos-Plateau. It shows how the native tin-producers were forcefully deprived of their rights over the tin-bearing land of the Plateau, and how they were forced to work for British mining firms at very low wages in order to pay their taxes in British coins. Our emphasis is on the role of the colonial state in creating a capitalist tin-industry in Nigeria and the exportation of surplus capital generated to Britain with little or no benefits to the Nigerian economy.

Chapter 7 examines the issue of the post-colonial state. The Nigerian petty-bourgeoisie who inherited the political power at independence realised that political independence without economic resources left no room to manoeuvre and this made it very difficult for them to deliver the good things of life promised during the struggle for independence. The chapter examines in detail the debate in parliament (Lagos) among the bourgeoisie as to what role foreigners and Nigerians should play in the Nigerian economy. It also examines various policy measures that emerged from the debate and their impact on foreign capital and the capitalist process in the 1960s.

Chapter 8 examines the economic nationalism of the 1970s. It was during this period that the Nigerian bourgeoisie realised that the oil-fuelled economy was strong enough for them to make demands on the foreign capital present in Nigeria without driving foreign investors away. These demands were made through the state which promulgated the two Indigenisation Decrees which sought to modify foreign capital domination of the economy, and at the same time give the Nigerian bourgeoisie a definite role in the economy which had been denied them in the past.

Chapter 9 concludes the study. Here, we bring together various elements derived from all levels - the national political economic, foreign and external influences, and the action of various clasees. We situate the major points of the relationship between dependency, the state and primitive accumulation in the Nigerian dependent capitalism. The Chapter also re-examined the analytical problems both conceptually and empirically, and specifies the implications of the study.

CHAPTER II

LITERATURE REVIEW

Our literature review is undertaken at two levels:

i. a review of relevant literature on the modes of analysis which inform the study:

ii. a review of literature on the Nigerian Political Economy.

2.1 MODES OF ANALYSIS: PROBLEMS AND AREAS OF CONVERGENCE

In this section of our work, we appraise the received theories of Modernisation, Dependency and Internationalisation of Capital. In Chapter 3 we set out a detailed theoretical framework for the study.

In recent years the major theoretical problem which has come to dominate much of the thinking and knowledge of world economic relations consists of various theories of underdevelopment and dependency. Today, no meaningful study of African economies, political and social change could be undertaken without taking these theories into account. However, in order to evaluate them, it is necessary first to provide an outline of the liberal tradition ('Developmentalism') because theories of undervevelopment and dependency emerged as a radical critique of the developmentalist school.

"MODERNISATION" AND THE LIBERAL TRADITION

Any discussion of underdevelopment and dependency theories must acknowledge that such theories developed largely as a critical response to the modernisation and liberal ideas of international relations after World War II. After the War, foreign aid programmes were developed, chiefly by the United States, to "re-build" Europe.

and Japan through the Marshall Plan. These programmes consisted of large amounts of capital which was injected into Europe's ravaged economies with the hope of revitalising production and at the same time altering the political map of the world.

During the 1950s, the 'developmentalist' or "modernisation" perspective developed by American scholars was adopted by Western academics and applied to the under-developed areas of the world where some eminent changes were underway. Many of the leading figures of the school owed what was essentially a Weberian background to the teaching of Talcott Parsons whose work identified with the behavioural aspirations of achieving a unified science of society. Key contributions to the modernisation theory came from such social scientists as Daniel Lerner, Walter Rostow, David Apter, S.E. Eisenstadt, Marian J. Levy,, Samuel Huntington and others. Throughout the 1950s and 1960s, these theorists displayed scholaristic fervour as to how the problems of the Third World were related to growth. Thus they sought to identify the proper "inputs", which if installed in the underdeveloped countries, would ensure the progressive "stages" necessary for "take-off".[1]

These theories became popular, very influential and were ardently applied. By the mid - 1960s this kind of liberal thinking dominated both academics and international development organisations such as the World Bank and the International Monetary Fund. (IMF).

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1. Rostow, Walter(1960) Politics and the Stages of Growth, University of Cambridge Press.

The key notion which united developmentalism was modernisation. This term has no real theoretical value, but represents the descriptive and technical categories in the specific arrangement by which they were applied to 'measure' Third World development or lack of it. According to Eisenstadt, the word "modernisation" denotes a:

> process of change towards those types of social economic and political systems that have developed in Western Europe and North America from the Seventeenth century to the Nineteenth and have been spread to other European countries and in the nineteenth and twentieth centuries.[1]

The underlying thesis of modernisation is dualism. Dualism appears in many variations but its archetype is the traditional - modern dichotomy. This dichotomy states that the problems of poverty and backwardness reside in traditional structures, and the solution to the problems cohere in the 'modern', which represents 'progress' and 'development'.

"The traditional was simply then not-modern, human kinds original condition, the innocence of childhood, perhaps burdened with original sin. It was denied history".[2] In political science, 'modernisation' became more theoretical with the help of structural functionalism, social psychology, and anthropological theories of 'tribal conflicts'. In economics, modernisation analyses took on a dual character contrasting traditional (subsistence) with modern sectors of economies.

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1. Eisenstadt, S.E. (1966) Modernisation: Protest and Change, New York: Prentice-Hall, p.11

2. Mamdani, Mahmood (1966) Politics and Class Formation in Uganda, Monthly Review Press, p.2.

Although the modernisation theory has not remained static, and change has occurred in response to recognised developments in the world at large, two fundamental problems appear to remain unresolved:

(i) the modernisation theory failed to understand and explain the external uneven distribution of wealth between the 'haves' and the 'have not' of the world. That is, modernisation could not account for the growing gap between countries of the advanced industrial West and the large majority of the Third World.[1]

(ii) the modernisation theory failed to provide real initiative in the formulation of policies geared to the eradication of this income gap, by reducing the dependency of the Thrid World on the West and achieving 'primitive capital accumulation' at a sufficient rate to permit development in these countries.[2]

In making these two points, Raymond Pratt is referring specifically to the failure of the American Political Scientists and other modernisation theorists to come to grips with these problems.

Pratt argued that the work of major modernisation theorists such as Huntington, Lipset, McClelan, La Palombara, Almond and Powells which stressed, the level of institutionalisation, achievement, motivation, the role of bureaucracy and the level of government capabilities respectively, though relevant to the study of underdevelopment, the relevance is marginal. Pratt suggested that their weakness lies in the neglect of the historical and international

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1. Pratt, R.P. (1982) "The Underdeveloped Political Science of Political Development Studies" in Comparative International Development, 8 (1), pp. 88 - 112.

2. Pratt, R.P. Op. Cit. pp. 88 - 112

context in which the new nations of the world find themselves. Finally, the work of modernisation theorists focuses largely on the level of the single nation-state and as such, misses the economic and political relationships which operate at the level of the world economic system.

The development strategies that flow from the modernisation theoretical perspective have failed to cope with the problem of under-development, and this is clear enough when we take a critical look at Third World economies today. According to Mabogunje, "many of the solutions that derived from it have been attempted and have led to worsening conditions for a sizeable proportion of the population of underdeveloped countries"[1]. In what seems to be similar solutions to the persistent problem of under-development, Gavin Williams documented what he regarded as the monumental failure of the World Bank Projects in the developing countries because of the Bank's undue emphasis on modernising the peasants to Western standards. Williams argued that for the modernisation theorists:

> modernity is identified with the diffusion of attitudes and practices to rural producers; and their incorporation into the market economy. The problems of the peasantry are explained by their exclusion from the "modern" rather than exploitation by it. The solution is to incorporate them into it.[2]

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1. Mabogunje, A.L. (1980) The Development Process, A Spartial Perspective, Hutchinson, p.26

2. Williams, Gavin (1981) "The World Bank, and the Peasant problems" in J. Heyer et.al (eds.), Rural Development in Africa, London, Macmillan Press, pp.29-30.

Accordingly, we reject the modernisation theories in view of their inadequacies as outlined above in analysing the Nigerian political economy. The underdevelopment of the Third World is not due to the low productivity of the traditional sectors, but to the activities of imperialism. The traditional and the modern are not seperate sectoral units, but form part of one contradictory unity articulated by the relations of exploitation which mark peripheral capitalism. Above all, underdevelopment is not merely a condition of an isolated, "backward" Africa, but a process of production determined by Western capitalism. It is from these perspectives that the dependency writers in the Marxian tradition offer a more substantial analysis.

THE DEPENDENCY THEORY RE-EXAMINED

Theories of underdevelopment and dependency are greatly varied, and we only wish to include their similarities rather than their differences at this stage. The variation in the topics of discussion by the underdevelopment theorists is due largely to the creative and active debates which surround the issues of 'development' and 'underdevelopment'.

It is possible to differentiate within the dependency school on two grounds. First, as Foster-Carter did, we can differentiate between theorists and activists[1] so that Baran, Frank, Emmanuel, Jalee, Magdoff, Amin and Kay would fall into the category of theorists, no matter how diverse

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1. Foster-Carter, Aidan (1976) "Neo-Marxist Approaches to Development and Underdevelopment" in Sociology and Development (ed.) by Emmanuel de Kadt & Gavin Williams, London: Tavistock Publication, pp. 67-105.

their views, and people like Cabral, Castro, Fanon, Guevara, Mao and Debray would fall into the category of theorists and activists.[1] We are, however, restricting ourselves to a discussion of the theorists of the dependency school in order to concentrate on the second way of differentiation, that is with regard to the various theoretical positions which are to be found within the school.

It is important to mention that the works of A.G. Frank have been typified almost as "classic" underdevelopment theory, and highly criticised as such. As Laclau stated in his critique of Frank,

> the present essay will concentrate on his (Frank's) work since it raises the theoretical issues at stake in the debate in their sharpest and clearest form.[2]

Although Frank's work is central to our synthesis of underdevelopment theory, our purpose here is to study the theoretical problem which as such is the result of the work of many individuals despite their many differences.

The process of underdevelopment, encapsulated by A.G. Frank's phrase, "the development of underdevelopment", is conceived in the systhesis of two dimensions: the historical, and the geographical, with their synthesis occurring at the level of the economy. In his work, Frank advances the radical thesis that the Third World has been "capitalist not from its birth but from its conception". An essential component of this system is the production of commodities for the world market and of economic surplus

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1. Foster-Carter, Aidan <u>Op. Cit</u>. pp. 68-69

2. Laclau, Ernesto, (1977) <u>Politics and Ideology in Marxist Theory</u>, London: New Left Books, p. 16.

which becomes appropriated by non-producers - the metropolitan bourgeoisie.

A concomitant argument of this proposition is the assertion that 'underdevelopment' for countries such as Nigeria is not an original state, or a historical stage of economic growth. Rather, 'underdevelopment' constitutes the necessary product of the contradictory process of capitalist development. In short, it was the historical development of the Capitalist World System into which countries such as Nigeria were integrated from their inception that generated underdevelopment in some and development in others. Therefore, the history of Africa is the history of subordinate development, which the advent of formal independence did not alter, but merely perpetuated in a new form.

The geographical dimension of the interactions between the 'underdeveloped' and 'developed' countries provides the starting point implied by the World Capitalist System. Although the notion of world system is not new, nevertheless, the underdevelopment theorists changed the focus within the system from one of concentration on the imperialist countries to an emphasis on the colonised countries. The real effects of the World System concept demanded a geographical breakdown of the system in order to demonstrate the structural linkages of dependency. This break-down is achieved by a metaphorical scheme which situates the imperialist powers as the 'Centre' or 'Metropolis' and the colonized areas as 'Periphery' or 'Statellites'.

> Thus, a whole chain of constellations of metropoles and satellites relates all parts of the whole system from its metropolitan centre in Europe or the United States to the farthest outpost in the Latin American countryside.[1]

It is at the economic level that the geographical dimension is historically animated for the world system precisely because of the history of capitalism, which is signified economically by international market relations.

Dependency theory as presented by Frank has suffered criticism from both within and outside the dependency school. In his seminal critique "Feudalism and Capitalism in Latin America" Laclau argues that this proposition is grounded in a total misconceptualisation of the nature of 'capitalism' which Frank refers to as a 'single world-wide economic and social system ranging back over the centuries.'[2] Laclau argued that Frank's propositions are conceptually confused in so far as he simply tends to define capitalism in terms of exchange relations. Such a definition, Laclau asserted, differs fundamentally from Marx's conception of 'a mode of production' to the extent that it ignores the principal criteria for defining a 'mode', namely, relations of production. There are several important points to be made with respect to Laclau's method of conceptualisation in Chapter 3.

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1. Frank throughout his writings employed a geographical dimension to his analysis - that is, he analysed the World Economy in terms of its geographical linkages and interactions.

2. Frank, Andre Gunder, (1972) "The Development of Underdevelopment" in Dependence and Underdevelopment: Latin America Political Economy, eds. James D. Cockroft et. all., London: Anchor Books, p.6.

Although Frank's work remains central in the analysis of under-development, there has been a considerable number of other contributors to the development/underdevelopment debate in the 1970s. For the sake of time and space, we may briefly introduce four authors, whose works we believe complement Frank's work and have relevance to the present study: Bill Warren, Geoffrey Kay, John Taylor, and Arghiri Emmanuel.

Bill Warren, in what amounts to a critique of the dependency theory claimed that the assertion that capitalism caused underdevelopment is not true, since such an assertion denies the possibility of development taking place in Third World countries within a capitalist framework.[1] Warren argues that economic contacts between advanced industrial society and the Third World have promoted economic development. For Warren, industrialisation has in fact taken place at a much greater rate than dependency theorists are prepared to concede. Such a situation, Warren argues, basing his argument on a belief in the dialectical process, which bring about capitalism and eventually generate proletarian revolution.

In this regard, what Warren is saying, in contradiction of the dependency theorists, is that a middle ground made up of such countries as Taiwan, Hongkong, South Korea and Brazil exists between the developed and underdeveloped worlds, thus weakening the validity of a centre-periphery

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1. Warren, Bill, (1973) "Imperialism and Capitalist Industrialisation", New Left Review, 81, Sept. - Oct. pp. 3-44.

conceptualisation. Warren has been criticised by other authors such as Arghiri Emmanuel and James Petras.[1] The nature of these critiques relates to Warren's selection of data and the dangers of aggregating statistics, for countries as diverse as Hong Kong and Singapore (strategic Island Seaports) on the one hand and some of the poorer landlocked states of Africa, on the other.

The work of Geoffrey Kay and that of John Taylor are two major critiques of the dependency theory from within a Marxist framework of analysis. Although their analyses focus on the same issue their distinct theoretical responses suggest different explanations of underdevelopment, despite the fact that they have a common viewpoint that the answers are to be found in Marx's Capital. Geoffrey Kay's influential work Development and Underdevelopment: A Marxist Analysis. (1975), emphases the role of merchant capital as central to the development of underdevelopment. Alternatively, John Taylor suggests that any satisfactory Marxian analysis of underdevelopment needs to focus on Marx's theories about modes of production.[2]

Taylor, for example, sees Frank's reductionist approach, treating all elements of the superstructure as epiphenomena of capitalist penetration, as inadequate for the analysis of such a complexity as "peripheral social formation". Kay, on the other hand, argues that:

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1. Petras, J., (1970) Politics and Social Structures in Latin America, New York: Monthly Review Press, Emmanuel, Arghiri (1972) Unequal Exchange: A Study of the Imperialism of Trade, New Left Books,

2. Taylor, John (1979) From Modernisation to Modes of Production: A Critique of the Sociologies of Development and Under-development, London: Macmillan Press

> The radical critiques of orthodox development theory were so keen to prove the ideological point that underdevelopment was the product of capitalism, that they let the crucial issue pass them by: Capital created underdevelopment not because it exploited the underdeveloped world, but because it did not exploit it enough.[1]

In other words, both feel that explanations of underdevelopment which emphasize the development of capitalism on a world scale is nothing more than a mere description of the facts of exploitation, not an explanation of them. Frank is deemed to make the error of assuming capitalism and feudalism as social systems, not modes of production, and subsequently that underdevelopment is the outcome of one basic determinant. Accordingly, such an assumption makes it difficult to analyse precapitalist modes of production. In Taylor's words dependency fails to deal with:

> the structure of non-capitalist social formations, the effects upon these of different forms of capitalist penetration, the bases for the existence of these different forms, the bases for the development of capitalist production itself... (and) the extent to which elements of the superstructures, of non-capitalist social formations can continue to "survive" and reproduced even when a capitalist mode of production is predominant.[2]

The outcome of such criticism has been an attempt in recent years to apply strictly Marxian concepts to precapitalist economic structures and those in transition with the mode of production as the focal point of analysis.

Finally, the issue of "unequal exchange" as expounded by Arghiri Emmanuel may be considered within the Marxist school. Emmanuel in Unequal Exchange: A Study of the

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1. Kay, Geofrey, (1975) Development and Underdevelopment: A Marxist Analysis, London: Macmillan.

2. Taylor, op.cit., p. 82 - 84.

Imperialism of Trade[1] offers an alternative to the more orthodox view of the lop-sided trade pattern and its commodity concentration typical of the eoconomies of Third World countries. This situation, which developed under colonial rule, is crucial to the development of the underdevelopment thesis. Emmanuel rejects the dependency diagnosis of the deterioration of the terms of trade as outlined by the economists of the Economic Commission for Latin America (ECLA). Although Emmanuel is not denying that the exports of poor countries are dominated by primary products, he argues that the terms of trade deteriorate not against primary products, but against poor countries. For Emmanuel, the nature of the commodity is irrelevant. Such a situation results from what he calls 'unequal exchange' in which the differences in wage rates between rich and poor countries is the key factor.

Emmanuel's critics have pointed to two weaknesses in his conception: firstly, his notion of the irrelevance of the ownership of capital and second, the dangers of taking a one-to-one relationship between states as the basis for analysis. Finally, Emmanuel insists that in the long-run, the major beneficiaries of unequal exchange are not the capitalist alone, but the metropolitan workers in the West who benefit from the continued exploitation of workers in the Third World.

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1. Emmanuel Arghiri, (1972) Unequal Exchange: A study of Imperialism of Trade: Monthly Review Press, New York p. 297.

2.2 UNDERDEVELOPMENT THEORY AND SOCIAL CLASSES

This section focuses briefly on the problematic concept of class. We do not wish to join the unending debate as to the question of existence of classes in African societies and the validity of class analysis in such societies. In this work, we examine the concepts of class as part of the underdevelopment theory, which deals with the process of international division of labour and therefore the question of social classes. Since the underdevelopment and dependency theory falls within the Marxian paradigm, social classes may be put into a dominant perspective.[1]

For our purpose, the dominating classes are all various bourgeoisie, of which two are the most significant: the metropolitan bourgeoisie and the local petty-bourgeoisie in the periphery. The former dominated the colonial economies and in the post-colonial period still owns and controls a large percentage of the means of production. By contrast, the domestic petty bourgeoisie, which emerged into the lime-light during the anti-colonial struggles and in the post-

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1. There has been a great deal of debate about the nature of African class development. Some scholars argue that there are no classes in Africa as such, while others maintain that classes do exist and then proceeded to analyse the various categories and their roles in the political economy of each African State. For the debate, see Allens V.L. (1972). "The meaning of the working class in Africa" Journal of Modern African Studies,10(2) Cohen, R. (1972) 'Classes in Africa; Analytical problems and perspectives' The Socialist Register. Hinchliffe, K (1974) "Labour Aristocracy", A Northern Nigerian Case Study", Journal of Modern African Studies, 12(1), Mapolu, H. (1973) "The Workers Movement in Tanzania", Maji. Maji 12; Pfferman Guy (1968), Industrial Labour in Senegal Praeger 1968. Sandbook R. (1975) Proletarians and African Capitalism: The Kenyan Case 1962-70, Cambridge University Press. Sandbook, R. and Cohen, R(eds)(1975) The Development of an African Working Class, Longman. Elkan W. (1960) Migrants and Proletarians, London Cambridge.

colonial period neither owns nor controls much of the means of production (in the capitalist sense) but merely protected and directed the politics of neocolonialism until the 1970s in Nigeria. Therefore, the criteria which substantiate the local petty bourgeoisie are largely political, since economic power largely rests with the metropolitan bourgeoisie. This is not to say that the petty bourgeoisie has no relation to the economic process or structure. However, what is important is the relationship between the two bourgeoisie, and how the primary characteristic of this relationship is economically and politically based on alliances and struggles. The contradictions of neocolonialism clearly emerged in the 1970s when the Nigerian petty bourgeoisie made moves to shift the operations of the metropolitan bourgeoisie to the manufacturing sector of the national economy, with the 1972 and 1977 Enterprises Promotion Decrees (known as the Indigenisation Decrees.)

While the petty bourgeoisie could not emerge as a group until during the anti-colonial struggles and after independen the dominated classes of the peasants and workers were alread in existence and visible long before the end of the colonial period. The liberal and functionalist theorists who have investigated the peasantries of the world have always produced studies which treat the peasantry as a "cultural" unit, disconnected from the national entity of which they are a part.

Theories of under-development have been very critical of this type of cultural anthropology, and stress that the peasantry must be understood in terms of class, because in most areas of the world the peasants are exploited in the classic Marxian sense.

It is the mode by which capital dominates agriculture and subsistence in Africa which accounts for the characteristic exploitation of the rural sector, and the intra-class divisions within the peasantry itself (i.e., rich peasants or "kulaks," poor peasants, agricultural labourers, landless peasants). The peasants live in conditions where land has become a capitalist resource in a system of private ownership, and where production depends on biased credit-banking institutions with an emphasis on cash-cropping. Traditional domestic forms of agricultural organisation have either been destroyed or used to subsidize capitalist interests.

In the theory of underdevelopment and dependency, the proletariat is seen in a combination of three related issues. These are, first, proletarianization, which Sharon Stitcher defines as "the increasingly 'necessary' characters of African participation in the labour-market, and hence to the closing off overtime of available alternative means of getting a livelihood."[1] Proletarianisation in this sense means that African peasants have been coerced into selling

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1. Stitcher, Sharon, (1975) "The Formation Working Class in Kenya" in The Development of An African Working Class: Studies in Class Formation and Action, eds. Richard Sandbrook & Robin Cohen, Toronto: Toronto University Press, p. 23.

their labour-power in either urban or rural capitalistic enterprises. The rural-urban migration of unskilled labour is one of the central factors which articulate the various forms of exploitation in the capitalist periphery.

In fact, one of the basic problems that scholars encounter in locating an African working class (or proletariat) is the position which migrant labour occupies within such a category. The initial inadequate supply of indigenous labour at the points of capitalist production resulted in forced labour and the application of market pressures. On the other hand, the compulsion to find money to pay taxes in areas where there was no wage employment compelled subsistence producers to travel far in search of paid employment. Migrant labourers from Mali and Burkina Faso could be found in the Ivory Coast and Senegal, Malawi, Bostswana and others relied on the foreign exchange earnings of the migrant labour of their citizens to South Africa. In the Nigerian case, the tin mines in Jos were worked by Hausas from Kano and its environs. However, while labourers migrated seasonally or periodically, they did not break their links with their villages. Indeed, they preserved their precapitalist modes of production as an insurance against the risks of wage employment.[1]

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1. Ologbenla, D.K. (1983) "The Existence of An African Working Class and Constraints on its Political Activities" Nigerian Journal of Economic and Social Studies, Vol. 25, No. 3 Nov. 1983.

The consequence of labour migration has been that the majority of wage labourer have also been peasant producers. They have moved and are still moving backward and forward between the two activities. Thus, the relation between wage earners and peasants is still close. Although the above situation arose because of the lack of dominance of industrial capital, the specificity of the capital present was ignored by economists such as Elkan, who summarised his own data on Uganda by stating that the bulk of the urban work force were "merely transit passengers in the urban sector of the economy. Neither gradual wage increases nor other incentives were likely to reduce the structural instability of unskilled labour."[1] On a similar note, Colin Leys argued that at the end of the 1960s, "the great majority of urban workers were still eventually migrant workers. Studies of the urban adult male wage working population show that two-thirds spent at least a week, and one-third a month, in their rural area each year."[2] Leys ignores the long term stabilisation and proletarianisation of the urban Kenyan working class and superimposes his own interpretation on the reality there.

Migrant workers who sell their labour are unevenly proletarianised in the situation in which capitalism has not completely penetrated all aspects of traditional

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1. Elkan, W. (1960) Migrants and Proletarians, Cambridge, p. 124.

2. Leys, Collins, (1975) Underdevelopment in Kenya, London: Heinemann, p.180

relations and modes of production. In analysing the totality of economic relations in Africa, Allen argues that wage workers and peasants are both exposed to the exigencies of capitalism. Echoing Mao rather than Marx, Allen insisted that "they both stand in marked contrast to, and in opposition to, the dominant class of capitalists. By virture of their similarities in their objective economic positions they belong to a single economic class."[1]

Contrary to Allen's claims, Arrighi and Saul regard proletarianisation as the transfer of peasants to wage employment, but this must necessarily be permanent, for 'migrant labour' characterised by partial dependence upon wage employment for its 'subsistence' does not belong to 'the proletariat proper'. Arrighi and Saul (1978) state: "A large proportion of urban workers in Africa notoriously consists of semi-proletarianised peasants temporarily in wage employment."[2]

The authors do not take into account the permanent and structural nature of migrant labour in the capitalist periphery. They treat the worker as a transient phenomenon in the industrialisation process, instead of making him the origin of the stable work force in Africa. The structural

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1. Allen, V.L. (1972) "The Meaning of the Working class in Africa" Journal of Modern African Studies, 10(2)

2. Arghiri, G. & Saul, J. (1969) "Nationalism and Revolution in Sub-Saharan Africa", The Socialist Register, pp. 165-168.

nature of migrant labour in Africa obscured the constitution of an African working class. Although there are many definitions of what constitutes an African working class, Allen redefines it as follows:-

> The working class in tropical Africa then, consists of those who are in the same objective economic position. This is derived primarily from the satellite relations between the basically subsistence societies and the developed industrial countries, rather than from a single specific relationship at the point of production.[1]

A narrower definition of what constitutes a particular 'working class' is Adrian Peace's definition of a Nigerian "working class."

> Those wage earners who stand in a consistently subordinate relationship in the industrial mode of production are appropriated by those who own the means of production, whether the latter be indigenous to Nigerian society or external to it and who on the basis of this relationship can identify a common opposition to their own economic interests and act accordingly.[2]

The second issue is that of class consciousness. One of the most important factors influencing debates about class in Africa is the possible level of economic and political consciousness. However, as we have seen in Marx's theory of class development, an analysis of consciousness and its effect on class interest must inevitably start with social relations to the means of production. However, the African socio-economic structure is not quite as simple as

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1. Allen, op.cit., p. 186

2. Peace, Adrian, (1975) "The Lagos Proletariat: Labour Aristocrats or populist Militants?" in Sandbrook and Cohen.

the one described by Marx. In addition, we have to think about the nature of the structural alignments created by the colonial system and the re-alignments of the post-colonial era, especially when exploitative relationships in Africa rest, perhaps predominantly, on the control of the means of production, distribution and exchange, rather than on their ownership. What is clear here is the existence of relations of production which have resulted from the coexistence of modes of production that render the relationship between state and social classes more problematic than in the advanced capitalist countries.

Arrighi and Saul argued that the Southern Afican peasantry has been effectively proletarianised in the sense that the balance of production outside the capitalist sector and subsistence requirements of the peasant have been upset. What is the importance of such a development for class interests? Gavin Williams (1974) has shown in his study of the Ibadan peasantry, and particularly in his treatment of the "Agbekoya" ("farmers refuse suffering") revolt of 1968/69 in Western Nigeria, during which the peasantry mobilised themselves against the State that deprived them of the fruits of their labour and oppressed them through heavy taxation. In this particular action, Williams claims that the peasants were conscious of their class interest, and through their action they were politically conscious.[1]

The relationship between the peasantry and the state, Mamdani (1975) argues, gave rise in the East African case,

1. Williams, Gavin, "Political Consciousness Among the Ibadan Poor" in Gavin Williams & S.E. de Kadts (eds.) <u>Sociology and Development</u> pp. 109 - 139.

to an intermediary comprador class who would buy the farmers' cash crops for export, and import metropolitan goods for sale to these peasants. The comprador class in the peasant economy was, until very recently, mainly an Asian commercial bourgeoisie centred around merchants rather than manufacturers.

The petty bourgeoisie, like the commercial bourgeoisie, was of a colonial creation. This group, comprised traders, kulaks, and bureaucrats formed in the inter-stices of the 'export - import economy.' In a similar study to Mamdani's, Le Brum and Gerry (1976) attempt to give substance to the idea of petty-production in Senegal. They start from a basic articulation of subordinate modes of production in Dakar, through the capitalist mode of exchange which seeks to preserve these forms as the basis of reproduction. The intermediate relationship, for those who have one foot in petty production and another foot in capitalist commodity production, means that as far as consciousness and ability to percieved class interests are concerned 'they are hardly more advanced than those who have remained entirely within petty-production.' These writers further argue that the price mechanism benefits the capitalist mode of production in many ways:

> Cheap goods and local labour are supplied to capitalist enterprises.... and cheap mass consumption products are supplies to wage earners and their dependents permitting the maintenance of low wage rates... Certain capitalist enterprises no longer take an additional maintenance hands-even such as carpenters, painters and masons, and even dismiss existing ones; instead they sub-contract work on an individual basis thereby lowering the enterprise's production costs.[1]

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1. Le Brum & Gerry, C. (1977) "Petty Production and Capitalist Production in Dakar", Conference on Urban Sector, SOAS.

The above quotation brings us to the third issue in our analysis of class, namely, the conservative labour aristocracy. They are a small, highly paid usually unionised group of skilled and semi-skilled workers employed largely by foreign subsidiaries. In contra-distinction to what Le Brum and Gerry found in Dakar, Arrighi and Saul have sought to theorise the concept of the labour aristocracy:

> ...Wage workers who have been fully integrated into the wage economy and have cut their links with the peasantry, partake some of the privileges enjoyed by the elites' and 'sub-elites:' not only do they have incomes especially when they are employed by the state and multi-national corporations which compare satisfactorily with those of the latter but in addition, they benefit from the developed overhead capital of the urban areas. They tend to become partners, albeit junior partners, of the dominant 'power bloc' in the post-independent contest.[1]

Furthermore, Arrighi and Saul maintain that while the labour leadership has been among those advocating the most aggressively radical philosophies,

> ....This may in part merely evidence the relative ideological autonomy of the labour leadership from the interests of the upper stratum of the working class, but it may also reflect the presence within such organisation of elements belonging to the lower stratum of the wage workers. This stratum, consisting of workers and the unemployed who retain strong links with the peasantry, has in fact interests which are antagonistic to the present order.[2]

Richard Jefferies (1975) has questioned the implicit notion of Arrighi and Saul's argument that the main polarisation of interests occurs between two economic sectors, urban and rural, rather than within one mode of production. From his utilisation of Ghanaian material, Jefferies asserts that this assumed

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1. Arrighi and Saul, op.cit., p. 168

2. Arrighi and Sai;. p.cit. p. 168.

complementarity between the labour aristocracy and the m and upper classes. On the basis of life style, social relations and class situations are not borne out by his findings. For example, the workers had little to gain from the Convention People's Party (CPP) patronage; neither did they have the opportunity to benefit directly from the kind of corruption very widely practised by officials in the state administration. This group was therefore as radical as any other group in reacting to its exploitation. In fact, Jefferies suggests, this group may, like the Lagos proletariat, constitute the political elite of the masses in as much as "other strata ... look to the wage earning class for the expression of political protest against a highly inegalitarian society."[1]

Another issue which underdevelopment theorists analyse is the effect of proletarianisation -within the urban centres and the subsequent development of the formal and informal sectors. The former refers to the sector dominated by unionised labour at relatively high wage levels. This group is a small fraction of the labour force. The informal sector consists of a local small group of urban producers living on the edge of the cities, providing that essential link between the rural migrating groups and the urban proletariat, often referred to as the urban poor or the "Lumpen proletariat." For Fanon, it is in these 'wretched of the earth' that the greatest 'revolutionary potential lies.'[2]

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1. Jefferies, Richard (1977) "Populist Tendencies in the Ghanaian Trade Union Movement" in Sandbrook & Cohen (eds.), pp. 261-280

2. Fanon, Frantz (1963) The Wretched of the Earth, London Grave Press.

Finally, there have been a number of suggestions as to how to end underdevelopment and dependency in Africa and the Third World, For Andre Gunder Frank, the solution lies in socialist revolutions. In Latin American: Underdevelopment or Revolution? Frank suggests an immediate socialist revolution because true development could only take place in the absence of capitalism. As Frank claims, "the only true development strategy is armed revolution and the construction of socialism."[1] Therefore, the revolutionary task is the transformation of the internal structures which have been metropolised and the overthrow of the domestic petty bourgeoisie who are a comprador class. Only in this way will there be an end to the contradictions of world capitalism, national exploitation and the impoverishment of the masses.

Our discussion of the constituent elements and class perspectives in the underdevelopment theory has been brief because the various aspects of the issue raised here will be elaborated in the body of our work. At this point, it is thought necessary to review the existing literature on the Nigerian political economy before further elucidation of the issues to which the research addresses itself.

2.3. LITERATURE REVIEW ON THE NIGERIAN POLITICAL ECONOMY

The literature review on the development of peripheral capitalism in Nigeria is vast and sophisticated .. we cannot hope to survey it in all its ramifications here. What we intend to do in this section is to review some of the important historical and contemporary materials which

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1. Frank, A.G. (1974) Lumpenbourgeoisie: Lumpendevelopment, New York: Monthly Review Press, p. 145.

relate directly to: the colonial conquest; the establishment of the colonial capitalist mode of production; and the post-colonial development of the economy. We begin this review with a brief mention of the pre-colonial social formations in Nigeria.

Peter Jegzentis[1] described the pre-colonial social formation of Nigeria as societies which were characterised by an early feudal mode of production, with a governmental hierarchy based on the land and major relics of communal modes in the northern and western parts, and by a patriarchal-archaic system with a subsistence economy run at community/village level in the eastern part of the country. Their typical features, from the economic point of view, were a low development level of the productive forces, a largely community based mode of production for the community's own consumption or that of the early feudal upper class, and a small surplus product exchanged with neighbouring towns and distant markets.

It was with these pre-capitalist modes of production that European traders established trade contacts from the 15th to the 19th centuries when British traders, who had been competing with indigenous middlemen, demanded that military expeditions should be employed for effective British capital penetration of Nigeria. This was to ensure the incorporation of these pre-capitalist modes of production

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1. Jegzentis, Peter (1984) "The Process of Accumulation in Nigeria". Economic Quarterly, Berlin GDR, Vol. 19, No.3

into the World Economic System which was undergoing a tremendous expansion at the time. This then is the beginning of our review of relevant literature on the Nigerian political economy.

The economic and political involvement of the British and other foreign capital in Nigeria, and the consequence of that involvement for the development of capitalism in Nigeria has not received the kind of attention it deserves from political scientists or political economists. Most of the studies have been undertaken by economic historians and economists.

One of such works is Professor Dike's[1] well researched book Trade and Politics in the Niger Delta, 1830-1885. Dike discusses the way in which the British colonialists came to Nigeria in response to the pressure mounted by British traders in the Delta area of the country. Similarly, Ofonagoro's[2] recent work Trade and Imperialism in Southern Nigeria 1881-1929, which he claims to be an extention of Dike's work, discusses at length the establishment of British presence on the Coast, and shows how the various bases on the Coast were used to subsequently extend British rule into the hinter-land. He observes that from its coastal bases, the British Colonial Administration led the way to the hinterland, to open up for the European commercial traders opportunities for access to the raw materials of the rain forest, the direct

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1. Dike, K. (1966) Trade and Politics in The Nigeri Delta, 1830-1885, Oxford: Clarewndon Press.

2. Ofonagoro, W.I. (1979) Trade and Imperialism in Southern Nigeria: 1881 - 1929, N.Y. NOK Publishers.

exploitation of which had long been denied them by the African middlemen-chiefs of the Coast.

Ofonagoro states that the Colonial Administration took this lead in penetrating the interior because the traders could not operate with safety and security in the hinterland which was under the control of prominent chiefs. Finally, due to lack of infrastructural services - roads, railways and navigable water-ways, and an administration interested in regulating the conditions governing their interaction with the indigenous population in their favour the European traders preferred to stay on the Coast until the Colonial Administration created these conditions considered necessary by the traders for a successful business operation in the remote hinterland.

Anthony Hopkins[1] in An Economic History of West Africa has given an economic interpretation of British imperialism and colonialism in West Africa. Hopkins makes the point that the change in British imperial policy from laisser-faire trading partner to an active coloniser in the late 19th century was due largely to the changing needs of the British economy and the pressures on policy makers from various British interest groups present in West Africa, who were well connected at home (London). This was coupled with the threats posed by other European powers with similar economic needs for external markets and more obvious geo-political ambitions, and the nature of the responses and

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1. Hopkins, A. (1975) An Economic History of West Africa, London: Longmans.

inability of indigenous groups in West Africa to meet the changing needs of the European powers, or in the cases of adaptation, to do this to the optimum advantage of these powers without coercion. The needs of these Europeans revolved around the search for sources of more raw materials for the growing factories in the metropolis and the expansion of markets for their products. The imperial aims have been stated by Lugard as follows:

> it is in order to foster the growth of trade of this country (Britain), and to find an outlet for our manufactures and surplus energy, that our far-seeing manufacturers and our commercial men advocate colonial expansion.[1]

And on a different occasion, E.D. Morel made the following statements:

> What are we in West Africa for? What do we hope to do there..? Commerce took us to West Africa, commerce keeps and will keep us in West Africa. The day that it ceases to be so, West Africa ceases to be of Use to the Empire.[2]

These objectives required the restructuring of the various pre-capitalist modes of production throughout West Africa and the British Empire in the process of creating a colonial capitalist mode of production which would further open up to the penetration and expansion of Western capitalism. The restructuring demanded an end to the slave trade, the removal of indigenous trade

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1. Lugard, F.D.(1893), The Rise of East African Empire, Vol. 1, London, pp. 381-382.

2. Morel, E.D. (1902) (1968), Affairs of West Africa, London, p. 21; see also by Morel, Nigeria: Its Peoples and its Problems, 3rd ed., London, Frank Cass.

monopolists or middlemen, the expansion of 'legitimate' trade, pacification of warring nationalities and groups and the building of railways, ports and roads for the efficient exploitation and evacuation of natural resources. To do this in the interest of the British metropolitan bourgeoisie required a dominant authority with guaranteed loyality and a common interest with Britain. The absence of this and the expansionist threats of France and Germany required that Britain should establish a colonial state to spearhead the establishment of a colonial capitalist mode of production in Nigeria.

Professor Tamuno's [1] The Evolution of the Nigerian State: The Southern Phase, 1896-1914 informs us that the early colonial period constitutes the beginning of the Nigerian State. Tamuno describes the process by which the leadership of the various communities were subjugated by force while others capitulated without a fight, knowing the hopelessness of their positions.

R.A. Adeleye similarly argues that the conquest of the Sokoto Caliphate by the British made the creation of the colonial state possible.[2] The conquest and establishment of colonial rule in Nigeria has been the study in whole or in part of Professor Anene's Southern Nigerian in Transition 1885-1906, John Flint's Sir George Goldie and the Making of Nigeria, Obaro Ikime's Niger Delta Rivaltry

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1. Tamuno, T.N. (1978), The Evolution of the Nigerian State: The Southern Phase, 1898-1914, Ibadan, Longmans.

2. Adeleye, R.A. (1975), Power and Diplomacy in Northern Nigeria 1804-1906; The Sokoto Caliphate and Its Enemies, Ibadan University Press.

and Merchant Prince of the Niger Delta, Adamu Fika's The Kano Civil War and British Overrule 1882-1940, Michael Crowder's The Story of Nigeria, F.D. Lugard's The Dual Mandate in British Tropical Africa, and many others.[1]

All these authors agree that to realise her economic aims, British colonial policy was designed to create the political and administrative background for capitalist development in Nigeria. As a prerequisite to the Nigerian economy fitting into the dual function of providing agricultural raw materials mainly for Britain, and of constituting an extensive market for her manufactured commodities, there was need to stimulate the development of an exchange economy based on trade. Furthermore, it was necessary to build a territorial system of transport and communications; and to commercialise the agricultural export economy.

Before we look at the impact of the British policy on the transportation system in colonial Nigeria, let us examine the various forms of transport in pre-colonial/ pre-industrial Nigeria.

In looking at the pre-colonial transport system and its role in the pre-industrial economy in Nigeria, Ogunremi has shown the various factors which contributed to its development.[2] He argues that human porterage which was recruited from the family and slaves was often the only

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1. Anene, J.C. (1966), Southern Nigeria in Transition 1885-1906 Cambridge: Cambridge University Press, Flint, John (1960) Sir George Goldie and the Making of Nigeria Oxford: O.U.P., Ikime, Obaro (1969) Niger Delta Rivalry and Merchant Prince of the Niger Delta, African Publisher Fika, Adamu (1978) The Kano Civil War and British Overrule, 1882-1940, Oxford: Ibadan University Press, Asiwaju, A.I. (1978) Western Yorubaland Under European Rule 1889-1945, Longman.

2. Ogunremi, G.O. (1982) Counting the Camels: The Economics of Transportation in Pre-Industria[illegible]ria, NOK.

way of carrying farm products at harvest time from the farm to the villages or market places. Ogunremi further notes that human porterage was more expensive in long-distance trade in comparison with pack animals such as camels, bullock, ox, mule and ginny.[1] Finally, Ogunremi highlights the important advantages which canoes (water transport) possessed for both short and long distance trades.[2] He emphasises the quantity of goods which canoes could carry in comparison with human and animal carriers.

Allan McPhee argues that the potential market opportunities in Nigeria for the British traders were made real by the construction of railways linking the 'far-off' Kano', "the great semi-oriental mart," on the edge of the Sahara to the ocean which has direct contact with England and Occidental Civilisation. McPhee also points to the fact that although certain items associated with the railways were covered out of the annual revenue of the colonial state, Nigerian railways were constructed largely with English exported capital. Thus, at the beginning, the main source of finance capital for the building of the railways were the loans advanced by Chamberlain at $2\frac{3}{4}$ per cent interest rate per annum. But as railway construction expanded and more funds were required, the colonial state turned to the metropolitan London capital market to acquire loans floated as ordinary commercial investment.[3]

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1. Ibid., pp. 95 - 118

2. Ibid., pp. 147 - 183

3. McPhee, Allan (1976), <u>The Economic Revolution in British West Africa</u>, London; Routledge, p. 114.

According to John Stocker (1951), by 1914, capital expenditure had passed £6 million and capital expenditure by 1930, had risen to £14,327,361. In the 1920s, the Ebute-Metta new workshops were extablished for the servicing, maintenance and repair of locomotives at the cost of £750,000. Finally, Stocker showed that railroads passed through the cocoa producing area of the Western Provicces, and in the Northern Provinces, it started from Baro on the Niger and reached Kano. From the Baro - Kano line another line linking Zaria with Jos-Bukuru (tin mines) was built, while in the East, the railway started in Port-Harcourt and linked up with Enugu, thereby marking the beginning of intensive development of the coastal palm belt and the exploitation of the Udi coal fields.[1]

Bade Onimode (1982) argues that with the introduction of motor vehicles in 1907-09 period, road development gained momentum. Onimode points out that the Ibadan-Oyo road was one of the major projects started in 1905. By 1914 and 1920, Lugard's Native Authorities employing forced labour of all sorts, had completed Trunk A and B roads of 22,400 and 24,000 miles respectively; and by 1926, the central government in Lagos had about 2,950 miles of Trunk A road. These roads ran inland from the rail-lines, to convey 'cash-crops' from the hinterland. Finally, in 1950 there were 28,042 miles of roads; in 1960 the mileage stood at 41,065 with 6,000 Trunk A, 6,000 Trunk B and160,000 local

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1. Stocker, J. (1951), An Illustrated and Descriptive History of the Nigerian Railways, Lagos: Government Printers, pp. 3-11.

feeder roads. And with the launching of colonial planning, the Federal Government spent £14 million on new roads during 1946-60, the former Northern Region £10 million, while the former Western and Eastern Regions spent £4 million and £3 million respectively.[1]

On the agricultural front, the colonial state concentrated on those parts of the economy that impinged on the requirement of foreign trade. For example, the main purpose of the amalgamation of the Agricultural Departments of the Northern and Southern Provinces in 1921 was to facilitate the role of the colonial state in capital formation and technical progress in peasant export production. This process of diffusing technical knowledge in the economy was succintly described by Hugh Clifford:

> The average native of West Africa derives little benefit from a European agricultural station because he cannot be induced to visit it. Similarly, as experience in the Gold Coast has shown, the only instruction which can be rammed into the understanding of the average African farmer is that which is imparted to him personally and directly by officers of the Department who visit him in his own village and accompany their advice by practical demonstrations. It is essential, therefore, that majority of the officers of an Agricultural Department in West Africa should be constantly touring the country, lecturing the people and showing them precisely what the treatment is which they are advised to adopt for the better management of the crops.[2]

The result of the diffusion of technical knowledge, the merging of the Northern and Southern Agricultural

1. Onimode, Bade, (1982), Imperialism and Underdevelopment in Nigeria: The Dialectics of Mass Poverty, London: Zed. Press, pp. 58-59.

2. Clifford, Hugh (1920), Address to the Nigerian Council, Lagos, 29th September, p. 179.

Departments and the demands for tropical produces resulted in a boom between 1900 and 1940. According to Helleiner "export value had increased more than seven-fold, implying compounded annual growth rates of 7 per cent and 5½ per cent respectively."[1] Helleiner further argued that with the increased demand for export crops and the necessity to obtain money (British currency) for tax payments, for the discharge of such social obligations as marriage payments, and for the acquisition of imported consumer goods, the peasants responded by varying both land and labour inputs, operating with fixed proportions at constant returns to scale. However, the "productivity" per man-hour however, scarcely changed at all, except as value productivity was increased by changes in the production mix.[2] Helleiner also stated that export crops accounted for over 80 per cent of the rising exports and that this rapid expansion was made possible by the construction of the railways.

The secondary repercussions which foreign trade had on the rest of the economy can be deduced from the foregoing review. Through the establishment of a new system of transport and the encouragement given to cash-crop production for export and subsequent importation of consumer goods, the colonial policy of division of labour between Britain and Nigeria resulted in tremendous increases in the volume and range of Nigerian foreign trade. It also caused the

1. Helleiner, G.K. (1966), Peasant Agriculture, Government and Economic Growth in Nigeria, New York: R.D. Irwin.

2. Ibid., p. 11.

rapid expansion of Nigerian internal market or trade. This fact has a number of implications for the general development of the economy.

First, the effect of the evolution of modern railway and road systems was the creation of a national market. This in effect caused the widening of the geographic extent of the Nigerian market. Such developments, as we shall see later, stimulated specialisation of agricultural production, and therefore increased the volume of internal trade in locally produced agricultural goods and imported consumer commodities.

Second it increased the purchasing power of the Nigerian masses. This point is strengthened by the fact that the income from export commodities went to the peasants who constituted a large percentage of the country's population. Thirdly, through the multiplier effects of cash-crop production for export, the under-utilised and unutilised inputs (land and labour) of the economy were put into more productive activities. Finally, the demands of the export-import trade provided a stimulus to port extention, railway and road construction and the growth of many towns.

The relationships between three related forces which resulted in export production form the basis of instituting the capitalist development process in Nigeria. These were the colonial state, the Nigerian peasantry and the European trading firms. In this relationship, the colonial state engaged in providing infrastructures, agricultural research and appropriating surplus value. Through its Agricultural

Department, it educated the Nigerian peasantry. Furthermore, by building infrastructures the colonial state made the movement of produces from the peasants' farms to the world market more efficient. While the Nigerian peasantry undertook such activities as the growing and harvesting of agricultural products, the task of processing and marketing these products was assinged to the European trading firms, which initially extracted the agrarian surplus before the colonial state started doing the same through the taxation of the peasantry and the Marketing Boards.

The peculiarity of the Nigerian peripheral capitalism of later years had its origins in the 1920s when Governor Hugh Clifford stated that:

> the purchasing of native grown agricultural produce will always be mainly in European hands; while the transport of it to the markets of the World will be managed by the railways and shops owned and managed by Europeans. Similarly, the preparation of many crops for market, the packing, sorting and grading of the produce, no less than its ultimate manufacture into the finish article will continue for very many years to be conducted almost exclusively by Europeans. This, however, is cooperation and division of labour, not competition: and in my view, Europeans competition in the actual growing and harvesting of the crop is to be discouraged.[1]

Thus, the 'actual growing and harvesting of crops' should be done by the Nigerian peasantry. While the colonial state opposed the extensive creation of European-owned and managed plantations, it was also opposed to the processing of agricultura products and manufacturing in Nigeria. The result of such policies was that the colonial state had no industrial policy for Nigeria prior to the 1950s.

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1. Clifford, Hugh, Op.cit. p. 187

The colonial economy was very much dependent on the peasant mode of production. As Henry Bernstein notes, this mode of production, which he calls 'simple commodity production' can be distinguished from the capitalist mode 'by its logic of subsistence as opposed to the logic of the appropriation and realisation of surplus-value and accumulation of capital' which characterises the capitalist mode.[1] Although the family is still the important unit of production organisation, by the 1950s this mode had begun to assume some capitalist relations. There appeared to be a greater degree of land alteration and private appropriation. Increasingly the producer had lost his independence because the price of any surplus production was determined outside the colonial economy and through the fiats of the marketing boards. In those instances where local production had been stiffled by competition from outside - for example, in salt mining and craft production - the cultivators became dependent on outside sources even for some of their subsistence material. From this point of view much was produced as exchange value. Some cultivators were also able to hire labour even if only seasonally.

There is no doubt that by the 1950s this simple commodity mode of production had come to occupy a very important place in the Nigerian social formation. However, although some of the small-scale units of production had eventually become fully developed capitalist operations, many more were simply unable to make the transition. According to Claude Ake:

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1. Bernstein, H. (1977) 'Notes on Capital and Peasantry' Review of African Political Economy, 10, 63.

This mode of production continues to thrive, because of lack of credit facilities, and because the ability of 'small' producers to accommodate themselves to an extremely low standard of living has enabled them to hang on despite the encrouchment of capitalism. Moreover, their ranks are being swelled by jobless urban proletarians, semi-proletarianised peasants, and landless peasants. It looks as though in the short run, the spread of capitalism is in fact making simple commodity production more widespread.[1]

These modes of production are in no sense mature, nor do they exist in isolation. Instead, they are linked together, each having a bearing on the other. Deriving from the pre-capitalist modes, some are in states of dissolution and conservation. Here exists the articulation of modes of production. The full maturity of the capitalist mode in both agriculture and industrial production did not take place until the late 1950s and after independence.

According to Awosika, up to 1957, the industrial policy in the private sector was confined to a single piece of legislation, the Aid to Pioneer Industries Act of 1956 to encourage foreign private investors. Awosika observes that a re-statement of the 1956 joint statement on foreign investment said that: "industrialisation will increase the wealth and standard of living of the people, provide new

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1. Ake, C. (1976) 'Explanatory Notes on the Political Economy of Africa' Journal of Modern African Studies 14, 1, 2. See also Ake, C. (1979) Social Science as Imperialism: The Theory of Political Development. Ibadan University Press, Ibadan. Ake, C. (1978) Revolutionary Pressure in Africa. Zed. Press London. Ake C. (1981) A political Economy of Africa. Longman, London. Ihonvbere, Julius (ed) (1989) The Political Economy of Crisis and Underdevelopment in Africa: Selected works of Claude Ake. JAD Publishers Ltd. Lagos.

sources of employment and help to diversify the economy."[1]

Awosika further observes that as in the earlier period, the objectives were to be achieved by encouraging private foreign investment through various incentive measures and support activities of the government. And that from 1957 the "laiser-faire" attitude changed to a purposeful industrial development. Between 1957 and 1966 no less than five separate incentive legislations were passed, each of them emphasising the various aspects of the new industrial policy. Finally, Awosika argues that the limited indigenous industrial entrepreneurship in Nigeria and the policy of private-sector-led industrial development entailed a reliance on foreign capital, and it is for this reason that the whole weight of the industrial policy measures from 1957 favoured foreign investors. Thus, by 1963, two-thirds of the total investments in manufacturing were either wholly foreign owned or in a majority participation with the Nigerian government and indigenous private firms.[2]

While Awosika deals with policy changes, Aboyade, Teriba and Kayode, Peter Kilby and Tade Aina analyse structural changes. Aboyade observes that the period 1960-65 constitutes a threshold period during which the economy began to experience major shifts towards the domestic front and reoriented it 'prime movers' from agricultural

1. Awosika, K.A. (1973) The Role of Fiscal and Monetary Policy in Nigeria's Industrialisation, 1956-66, Unpublished Ph.D Thesis, University of Oxford,

2. Awosika, K.A. Op.cit. p. 59.

exports to home industries, food production and public policy. Aboyade maintains that "the threshold lies within the period 1960-1965 and may be tentatively suggested as being around 1962-1963." [1]

Teriba and Kayode (1977) on examining the economy between 1950 and 1972, through the comparisons of estimates of the GDP for 1950, 1958-59, 1966-67, and 1971-72 observe that there were similarities between these periods. They note the declining contribution of the agricultural sector in the 1958/59 and 1966/67 periods while the contribution of the industrial sector was increasing. They agreed with Aboyade that there were major structural changes. Unlike Peter Kilby who saw no major structural changes in the economy between 1950 and 1964, they optimistically declared that "the prime movers for generating general development had begun to shift to a combination of intensive industrial activities."[2]

Tade Aina agrees with Aboyade, Teriba and Kayode that the growth rate of the agricultural sector had started to stagnate and even decline in the 1960s and early 1970s, whilst those of the industrial and petroleum sectors were rising rapidly, particularly that of petroleum which was

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1. Aboyade, O., (1971) "The Development Process" in Ayida and Onitiri (eds.) <u>Reconstruction and Development in Nigeria,</u> NISER and Oxford University Press, p. 48

2. Teriba, O. & Kayode, M. (1977) (eds) "The General Framework for Industrial Development in Nigeria" in <u>Industrial Development in Nigeria</u>, Ibadan University Press.

to become the most dynamic and inflammatory political and socio-economic fuel in the Nigerian society in the 1970s and 1980s.[1]

The move for industrialisation through import-substitution was largely based on the oil-boom of the 1970s. According to Panter Brick, while petroleum increased from 5 million barrels in 1960 to almost 325 million barrels in 1970 and to more than twice this quantity (729.5 million barrel) in 1980. Earnings from oil exports increased accordingly from about ₦9 million in 1960 to ₦500 million in 1970. Oil prices almost quadrupled between 1973 and 1974 from $3.8 per barrel to $14.7 per barrel. During 1979 and 1980 they increased by almost 300 percent from $14.1 per barrel $40 per barrel at the end of 1980. Export earning thus increased from about ₦1,000 million in 1971 to ₦13,000 million in 1980. The tremendous hike in the value of petroleum dwarfed the role of agricultural earnings in total export . Whereas agricultural exports in 1960 accounted for $\frac{3}{4}$ of the value of total exports, they fell to a minimum of 2.4 per cent in 1980, while petroleum exports moved in the opposite direction from 2.7 per cent of total export value in 1960 to more than 95 per cent in 1980.[2] Finally, the oil industry was dominated by seven multinationals, while other multinationals dominated the emerging light industries and cement production.

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1. Aina, 'Tade, (1979) Industrialisation and Class Formation in Nigeria - 1946-1976, Unpublished D. Phil. Thesis, University of Sussex.

2. Panter-Brick, K., (ed.) (1978) Soldiers and Oil, Frank Cass.

On the political front, the Second World War years (1939-45) saw demands for changes in the colonial system of government through the activities of the emerging 'rising-class' or petty bourgeoisie who were demanding a more advantageous incorporation into the colonial structure at the political, economic, administrative and social levels. The various activities and struggles at this time have been documented by Coleman and Sklar (1963)[1], and we shall turn to this in an appropriate section of our work. We only wish to point out here that the struggles were populist in character, although they involved the mobilisation of various other strata and classes such as the workers and peasants, and culminated in the demand for political decolonisation. The result of all these struggles and the changes brought about by World War II on the international scene pressurised the British into instituting a process of political or constitutional decolonisation,. Beginning with the Richards Constitution of 1946, attempts at accommodation and incorporation led to the various constitutional conference and changes which culminated in Nigeria's political independence in 1960.

The 1960s then were a decade of political nationalism for the nascent political system. It was a decade in which the phrase "seek ye first the political kingdom and all else shall be granted"[2] became a household word

1. See Coleman, James (1958) Nigeria: Background to Nationalism, University of California Press, and Sklar, R. (1983) Nigerian Political Parties, NOK

2. Kwame Nkrumah cited in Irving Markovitz 9(1977): Powers and Class in Africa, New York: Prentice-Hall, Inc. p.14.

in Nigeria and other under-developed countries. Unfortunately for Nigeria (and other underdeveloped countries), the decade or so of political nationalism which led to political independence did not incorporate economic nationalism. It did not lead to a large and strong indigenous entrepreneurship or a strong national bourgeoisie. The Nigerian capitalist system and that of the Third World, continues to be economically dependent on the former colonial powers. The knowledge of such a dependence led to status inconsistency and culminated in economic nationalism.

Thus, the 1970s became a decade of economic nationalism for the Third World. It was during this decade of economic nationalism that the Nigerian Enterprises Promotion Decrees of 1972 and 1977 (better known as the Indigenisation Decrees) were promulgated in an effort to modify foreign capital presence in the Nigerian oil-fuelled economy and promote the interest of the domestic petty-bourgeoisie. Formal indigenisation of industry and trade was by no means something that suddenly emerged in 1972. According to Akeredolu-Ale, the marrying of political and economic nationalism to the extent that such a marriage has come up in Nigeria, dates back in a more significant sense to 1961. It has been an "independent"[1] effect. Akeredolu-Ale locates the primary source of indigenisation on the secular deterioration of the terms

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1. Akeredolu Ale, E.O. (1975) The Underdevelopment - of Indigenous Enterpreneurship in Nigeria, Ibadan University Press, And his "private Foreign Investment and The Underdevelopment of Indigenous Enterpreneurship in Nigeria" in Gavin Williams (ed.) (1976) Nigeria: Economy and Society, London: Rex Collins.

of trade and declining returns from primary commodities that in turn caused enormous balance of trade problems for Nigeria. He argues further that there is a causal relationship between private foreign investment and the underdevelopment of indigenous entrepreneurship in Nigeria. This he claims is due to the over-prolonged sojourn of private foreign investment.[1]

Bierstecker attributes the sources of pressures to indigenise the economy to the Nigerian petty bourgeoisie. According to him, "there is a great deal of evidence that the indigenous petty-bourgeoisie applied increasing pressure on the Federal Military Government for an indigenisation programme during this period" - the 1970s.[2] Finally, he argues that the rise of a new elite who made enormous fortunes from supplying equipment and armament to the two combating sides in the Civil War created a new force that helped fan the flames of popular nationalism and put pressure on the state to Nigerianise the economy after the Civil War.[3]

Ogbuagu argues that organised pressure groups sometimes pre-dominate over technical considerations in the determination of economic development measures pursued by the state such as the indigenisation policy. He also argues that because of the strong surge of nationalism, economic efficiency may, in some cases, be sacrificed in the drive to replace foreign

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1. Akeredolu-Ale (1976) op.cit., pp. 113-115

2. Bierstecker, T.J. (1983) "Indigenisation in Nigeria: Rationalisation or Denationalisation?" in Zartman I. William e(ed.), The Political Economy of Nigeria, New York Praeger, p. 196.

3. Ibid., p. 188.

nationals with indigenous Nigerians in the economic field.[1] Finally, Ogbuagu states that the indigenisation programme as it occurred in Nigeria was highly politicised - with interest and pressure group politics having a field day. He concludes that:

> ....the Nigerian Enterprises Promotion Decrees represents an economic programme embarked upon and disguised under a 'popular' demand for economic nationalism. It is in this regard that a product of an alliance of influential indigenous businessmen, military and bureaucratic elites and a few other professional groups who had seen in an indigenised economy enoumous opportunities for satisfying their personal economic interests to the exclusion of the vast majority of the Nigerian population. 2

An examination of the above issues will help us to expose and explain the historical underdevelopment of the Nigerian peripheral capitalism. The roles of the colonial state, the peasantry and the trading farms, the multinationals and the petty bourgeoisie will be discussed at length. Also, the examination of the above issues will lead us to argue that the British through the pursuit of their interests in Nigeria initiated and established capitalist relations and modes of production which allowed them to undertake the exploitation of Nigeria and accumulate capital. And that from the colonial times and throughout the period under study, the economy has been dominated by British capital and other foreign capital. In this regard, the Indigenisation Decrees of the 1970s and other measures

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1. Ogbuagu, Chibuzo S. A. (1983) "The Nigerian Indigenisation Policy: Nationalisation or Pragmatism?" in African Affairs, Vol. 83, No. 327, pp. 241-242.

2. Ibid., p. 266/

which gave encouragement to indigenous enterprises were efforts by the Nigerian petty bourgeoisie to modify foreign capital and enhance its own interest - that is, to accumulate capital which made participation in the economy easier.

The present study sought to fill three major gaps in the existing literature on the Nigerian political economy. First, writers on the Nigerian political economy have not gone far enough into the process by which a dependent capitalism was established in Nigeria. The present study examines the role of British merchants and the colonial state's land tenure, labour and taxation policies especially in Kano Province in order to establish the origins of the Nigerian dependent capitalism.

The second gap in the existing literature which this study sought to fill concerns the - approach other writers have adopted. Most writers on the Nigerian political economy have either committed themselves to writing on the pre-colonial, colonial or the post-colonial periods. The present study transcend this periodization by establishing a continuous link between the three periods as shown by our Kano and Bauchi/Jos case studies.

The third gap which this study sought to fill concerns methodology. Writers on the Nigerian political economy have largely adopted a historical liberal approach which failed to get at the roots of Nigerian dependent capitalism. The present Study put the Marxian methodology as the most appropriate in analysing the Nigerian dependent capitalism.

We use the dependency theory approach as a tool of analysis in order to get at the root cause of Nigerian dependent capitalism.

CHAPTER III

TOWARDS A THEORETICAL FRAMEWORK: THE MARXIAN ANALYSIS OF CAPITALISM IN THE PERIPHERY.

3.1. INTRODUCTION

In many ways the analysis of capitalist development in the periphery has been, and continues to be, an interesting aspect of social theory and political economy. From Marx's study of capitalist development in the periphery and the subsequent debates amongst Marxists since, it is clear that the analysis is firmly located in the broad theoretical context of the debate on imperialism. Thus we cannot discuss the development of capitalism in the periphery without going into details about the relationship between imperialism and capitalism. And this is what we propose to do in this chapter.

The essence of imperialism is subordination and domination and the concrete ways in which one country or a group of countries can violate the sovereignty of smaller political bodies for the purpose of formal control of the domestic economic resources for the benefit of the subordinating or dominating power, and at the expense of the local people and their economy.[1] This process may be manifested in different ways, for example, direct and visible as in colonialism, or complex and diffuse as in a system of international relations of dependency which distorts the economic development of the dependent countries.

From this point of view imperialism neither is, nor has to be, a phenomenon exclusive to capitalism,

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1. Offiong, D.D. (1980) Imperialism and Dependency, Fourth Dimension Publishing Co. p. 65.

for close and asymmetric relationships are not peculiar to capitalism; what is peculiar to it is the form in which this type of relationship has developed and made manifest. Finally, the various ways in which the periphery has met the needs of the developed capitalist countries within the system vary, in accordance with the changing needs of the latter in their different stages of development. For this reason it is not very useful to remain at this first level; we must progress by analysing the way in which these relations of domination and subjugation are situated in the context in which they develop. This is the task undertaken in Parts II and III of this work.

Within the Marxist tradition the term 'imperialism' was initially applied to the relations between advanced and backward countries within the capitalist system, and later to the totality of a particular phase (the monopoly phase of capitalism) in the development of that system, characterised by a particular form of relationship among the advanced countries, and between them and the backward countries. The fact that the concept has been used to define both those aspects of capitalist development which have related the fortunes of advanced and backward areas, and the monopoly phase of the development of that system has produced a certain degree of confusion regarding the dynamics of the concept and its proper concerns.[1] This confusion is also related to the fact that one of the fundamental tenets of Marxism is that different aspects of the theory of capitalist society

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1. Fieldhouse, D.K. (1961) "Imperialism: An Historical Revision", The Economic Historical Review, Vol. XIV, No. 2, pp. 187-209.

and development are indivisible. Thus we may speak of a Marxist theory of imperialism in the sense that it is formally related to capitalism. And in that case, imperialism could be referred to as a theory in Lenin's sense of the term - a stage in the development of capitalism. Despite this, we believe that it is legitimate to use the concept of imperialism to designate only those aspects of capitalist development which have linked the fortunes of the centre and the periphery within the world capitalist system. We can speak of a theory of 'imperialism' in this sence, so long as we accept that different theories can have different status.[1] In this case the theory of imperialism would be part of a wider theoretical field, in this case, that of the Marxist theory of capitalism, and, in the end, the problem would simply be one of specifying with clarity whether the term 'imperialism' is used and understood in its wider or more restricted sense or whether it is understood as a theory in both cases, or only in the first.

The Marxist theory of capitalism with which we are concerned in this section of our work is conceived of, not as a description of the characteristics of capitalism as in Karl Marx's <u>Capital I</u>, but as the general principle in which Marx, Engels, and other writers in the Marxian tradition relates Western European capitalism to the World at large, especially the capitalist periphery. In this regard, we may make a distinction between three concerns in the Marxist theory of capitalism, and according to the form in which imperialism

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1. Althusser, L. (1967) 'Sur le travail theorique' <u>La Pensee</u>, No. 132 (April 1967) pp. 3-36. Here Althusser made clear distinctions between general theory, regional and subregional theories.

is understood. It will cover one or all of these concerns:

(i) the development of the economic and class structure of advanced capitalist societies and the factors which drove them to geographical expansion of their economies and the relations between them;

(ii) the economic and political relations between developed and underdeveloped countries within the world capitalist system;

(iii) the development of the economic and class structure in the underdeveloped countries in relation to their particular modes to articulation with the developed countries.

The Marxist analysis of the capitalist system attempts to take these three concerns together, and build with them a theory of its development. Thus, if one employs the concept of imperialism in its widest sense, the theories of capitalism and imperialism become identical; however, if it is used in a narrower sense, then its analysis relates primarily to the historical development of the second concern. From the point of view expressed here we can distinguish in the theory of imperialism with Sutcliffe:

> three quite distinct phases in the relations between capitalism and the peripheral countries and areas of the World. One involves plunder (of wealth and slaves) and exports of capitalist manufactures to the peripheral countries. The second involves the export of capital, competition for supplies of raw materials and the growth of monopoly. The third involves a more complex, post-colonial dependency of the peripheral countries in which foreign capital (multinational corporations), profit repatriation, adverse changes in the terms of trade (unequal exchange) all play a role in confining, distorting or halting economic development and industrialisation.[1]

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1. Sutcliffe, B. (1972) "Imperialism and Industrialisation in the Third World" in R. Owen and B. Sutcliffe (eds) Studies in the Theory of Imperialism, Longman Publications, p. 172.

In each of these phases of imperialist relations, the periphery would have furnished the needs in different ways of the advanced capitalist nations. In the first place, by assisting primitive (primary) accumulation and allowing the imperial nations to carve out their essential initial markets. In the second place, by playing a role in the partial 'escape' of a more mature capitalism from the consequences of its contradictions. These contradictions have been analysed by Luxemburg, (1913), Bukharin (1915), and Lenin (1916); and the third, the least well defined, advanced mature capitalism appears to attempt to secure itself against the emergence of competition which could threaten its stability, organisation and growth.

3.2. MARX AND ENGELS ON PRIMITIVE ACCUMULATION AND CAPITALIST EXPANSION IN THE PERIPHERY

The analysis of capitalism by Marx and Engels in the 19th century was based upon the idea that capitalism was historically progressive and politically necessary for the immediate transformation of the precapitalist modes of production, which had held societies back from advancing technologically and productively. An interesting concept employed in their analyses which is central to our work is 'primitive accumulation' which they posed as the first stage in the process of capitalist development. Thus before we discuss what they say as regards the impact of capitalist expansion on the periphery, let us briefly examine Marx's contribution to this very important concept.

In the last part of Capital, Volume I, Marx in a section titled - 'The so-called Primitive Accumulation' described primitive accumulation as the process through which the embryonic capitalist mode of production arose and extended itself, while dissolving the feudal mode of production. In its original form, primitive accumulation was a class struggle of an intense and revolutionary nature. The culmination of this class struggle was on the one hand, the dispossession of the peasant producers of their means of subsistence and of production and on the other hand, the concentration of these means in the hands of non-producers, i.e. capitalists. The ultimate result of primitive accumulation at this early stage was revolutionary in terms of giving rise to new production relations with the creation of two new classes - the bourgeoisie and the proletariat.

Once the concentration of the means of production had progressed to the extent that capitalist control of production was sufficiently consolidated, capitalism entered its competitive stage. Primitive accumulation was no longer the center of the class struggle for domination and exploitation but rather it peripherally acted on the center where the capitalist class appropriated absolute and relative surplus value from the working class. The capitalist class was able to use the latent surplus population specifically as a weapon against working class demands. The presence of a latent surplus population facilitated the intensification of the exploitation of wage labour threatened with displacement and loss of their means of subsistence. In this manner, the process of primitive accumulative was indirectly instrumental to capitalist appropriation of absolute surplus value during the competitive stage of capitalist development.

The epoch of monopoly capitalism was marked by the centralisation of the means of production, and the expansion of capital to unprecedented levels. Imperialist acquisition of cheap raw materials and labour power which continues up to the present day, serves to lower capitalist production costs. The lowering of production costs facilitates the appropriation of relative surplus value from wage labour in the metropoles. Through imperialist expansion, the process of primitive accumulation gains significance in relation to lands encompassing the globe which hitherto had only a marginal trading link with capital. At this stage primitive accumulation takes the new form of colonialism and later neo-colonialism, with distinct differences when compared with the classical form.

In this study, primitive accumulation cannot be characterised as a process by which a new embryonic mode of production asserts itself out of the feudal mode, or for that matter any other pre-capitalist mode. Primitive accumulation in the Nigerian case became the confrontation between monopoly capital and precapitalist modes whose productive forces and relations of production in no way approximate the conditions of existence of capital. Furthermore, the coercive force of state power is an integral part of the colonial and neo-colonial forms of primitive accumulation.

Marx stated that his own analysis of primitive accumulation cannot constitute a generalised mode of approach to the problem of capitalist development:

> The chapter on primitive accumulation does not pretend to do more than trace the path by which, in Western Europe, the capitalist order of economy emerged from the womb of the feudal order or economy. It therefore describes the historic movement which by divorcing the producers from their means of production converts them into wage earners (proletarians in the modern sense of the word) while it converts into capitalists those who hold the means of production in possession. Now what application to Russia can my critic make of this historical sketch? Only this: If Russia is tending to become a capitalist nation after the example of the Western European countries... She will not succeed without having first transformed a good part of her peasants into proletarians; and after that she will experience its pitiless laws like other profane people, that is all. But that is not enough for my critic. He feels himself obliged to metamorphose my historical sketch of the genesis of capitalism in Western Europe into an historico-philosophic theory of the marche generale (general path) imposed by fate upon every people, whatever the historical circumstances in which it finds itself.[1]

In Marx's work, therefore, there is no theory of primitive accumulation as such, only a particular primitive accumulation.

The paradoxical fact that the colonial and neo-colonial forms of primitive accumulation generally have not resulted in the expropriation of peasant producers' means of production must be understood in the light of the variability of the process of primitive accumulation. This becomes especially true when considering the implantation of capital in pre-capitalist modes other than feudalism. Under these circumstances entirely different manifestations of the primitive accumulation process arise which reflect the nature of the pre-capitalist modes in combination with the capitalist mode of production.

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1. Marx, and Engels, F. (1977) Selected Correspondence, "Marx to the Editor of Otyecestven ige Zapisky," reproduced in L. Fuer (ed) . Marx and Engels Basic Writings on Politics and Philosophy, London, Fontana Library, pp. 353-54.

The difference between the articulated feudalism to capitalism and that of other pre-capitalist modes of production made it difficult to generalise, and perhaps, the difference is best understood by posing a question. To what degree did other modes of production approximate the conditions which feudalism established for capitalist development? These conditions were surplus production, and a division of labour in combination with commodity production commonly referred to as handicraft. The economic base of handicraft was an underlying assumption of Marx's conception of classical primitive accumulation:

> a certain accumulation of capital, in the hand of individual producers of commodities, forms therefore the necessary preliminary of the specifically capitalistic mode of production. We had therefore, to assume that this occurs during the transition from handicraft to capitalistic industry. It may be called primitive accumulation becuase it is the historic basis, instead of the historic result of specifically capitalist production.[1]

The fundamental and defining identity between the classical form of primitive accumulation and its colonial, neo-colonial forms is that all can be understood as providing the historic basis of the capitalist mode of production, although in the latter forms, the historic basis is founded at different levels of productive forces and production relations.

However, the process of primitive (primary) accumulation took a different form in the peripheral areas. How and why the process of primitive accumulation appears in the pre-capitalist mode of production and the subsequent transformation

1. Marx, K., Capital I. op. cit. 624.

throughout the world, beyond Western Europe, was illuminated by the " classic writers" on imperialism and the dependency theorists, who we shall discuss below. Meanwhile, let us go back to Marx on the possible impact of cpaitalist expansion on the periphery.

For Marx, the central element behind the need of the advanced capitalist economies to expand is the need to develop an effective means of countering the tendency for the rate of profit to fall. Such expansion makes it possible to expand the scale of production, to lower the cost of raw materials and of the products needed to maintain and reproduce the labour force at home (making it possible to keep wages low), and thus increase the surplus by helping to preserve the low organic composition of capital. Furthermore, for a period of time the capitalist in an advanced country can gain a higher rate of profits by selling:

> in competition with commodity producers in other countries with lesser facilities for production.... in the same way that a manufacturer exploits a new invention before it has become general.[1]

Nevertheless, Marx did not confine himself to the analysis of the driving forces which led to the expansion of capitalism. In his analysis of the effect of this upon the backward regions, following the Hegelian tradition, he distinguishes between the subjective motivations for this expansion and its objective historical results. On the one hand, he condemns this expansion as the most brutalising and dehumanising that history has ever known, but on the other, he argues that

1. Marx K., (1974) Capital, III. London: Lawrence and Wishart p. 816.

it is necessary if the pre-capitalist cannot provide the necessary economic and technological infrastructure which will enable society to undertake free development of every member according to his capacity and capitalism can only develop in them through its penetration and imposition from abroad. Only on the basis of this dialetical understanding of capitalism can we understand Marx's famous affirmation in the Preface to the First Edition of Capital I that: "the backward country suffers not only from the development of capitalist production, but also from the incompleteness of that development."[1]

In general terms, we may say that it is analytically convenient to distinguish two close levels in Marx's analysis of the development of capitalism in backward nations. One relates to the necessity (both political and economic) of capitalism as an essential step towards higher forms of development of productive forces, the other, to the possibility and viability (both political and economic) of its development. These two levels of analysis are present in the Marxist tradition with differing degrees of emphasis. In Marx's writings on the subject the central concern is with the necessity for capitalist development, while its feasibility was taken for granted. In the present day situation however, the emphasis is placed more on the second level of analysis- that of the feasibility of capitalist development in the periphery. It is this concern that informs the present study as we shall later show.

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1. Marx K. op. cit. p. XIV.

Finally, Marx and Engels had no doubt whatsoever in the dynamism and capacity of capitalism to expand and reproduce itself in any society through penetration. In fact, Marx seemed to expect a proliferation of autonomous capitalist societies, fundamentally similar to those in Western Europe and North America. This expectation are embodied in Marx's and Engels' writings. For example, in the Communist Manifesto, they argue that the development of capitalism in Western Europe will: "compel all nations, on the pain of extinction, to adapt the bourgeois mode of production."[1]

And in an article on "The Future Results of British Rule in India" Marx insisted that English imperialism will not be able to avoid the industrialisation of India:

> when you have once introduced machinery into the locomotion of a country which possesses iron and coals you are unable to withold it from its fabrications.[2]

Finally, in the Preface to the First Edition of Capital I, Marx made his famous statement: "the country that is developed industrially only shows to the less developed, the image of its own future".[3]

We may then conclude with Kiernan that:

> So far as can be seen, what he (Marx) had in mind was not a further spread of Western imperialism, but a proliferation of autonomous capitalism, such as he expected in India and did witness in North America.[4]

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1. Marx and Engels "The Communist Manifesto" in David McLellan (1977) Karl Marx: Selected Writings. Oxford University Press, p. 225.
2. Marx K. (1978) On Colonialism, Progress Publishers, Moscow, p. 84.
3. Marx op. cit. p. XIV
4. Kienan, V.G. (1967) "Marx on India" Socialist Register London: Merlin Press.

Marx's and Engels' contributions clearly support the expansion of capitalism from the centre to the periphery as a means to an end. That end of cause is socialism. Contrary to what Marx and Engels hoped, however, the dependency writers and others no longer accept Marx's and Engels' position that capitalist industrialisation is still a possibility in the periphery if the periphery remained within the capitalist world system.

3.3. THE 'ORTHODOX' ANALYSIS OF IMPERIALISM AND CAPITALISM IN THE PERIPHERY

A group of writers referred to as 'orthodox writers' consists of Hilferlding (1910), Luxemburg (1913), Bukharin (1915) and Lenin (1916). Although all the above made great contributions to the Marxist study of imperialism and capitalist expansion into the periphery, we are mainly interested in the work of Lenin and Luxemburg because their arguements have the greatest bearing on the present study. Let us examine Rosa Luxemburg's contribution first.

Rosa Luxemburg's The Accumulation of Capital (1913) was the first Marxist analysis of the world capitalist economy in the light of the three concerns which we outlined above. Essentially, Luxemburg's position was that both imperialism and primitive accumulation are inextricable parts of capitalist development, but she disregarded their original status as historical processes:

> At the time of primitive accumulation, i.e. at the end of the Middle Ages, when the history of capitalism in Europe began, and right into the nineteenth century, d[illegible]ssing the peasants in

> England and on the continent was the most striking weapon in the large-scale transformation of means of production and labour power into capital. Yet capital in power performs the same task even today; and on even more important scale - by modern colonial policy.[1]

Luxemburg's main thesis was that the extended reproduction of capital was imperialist by nature, in its requirement for external markets. The search for and establishment of external markets led to the process of primitive accumulation as a necessary condition of capitalist development.

> Historically, the accumulation of capital is a kind of metabolism, between capitalist economy and those pre-capitalist methods of production without which it cannot grow and which, in this light, it corrodes and assimilates.[2]

Primitive accumulation thus becomes the process of destruction of national economies throughout the world. Imperialism gives rise to primitive accumulation, but the relationship is inherently contradictory.

> ...Capitalist cannot accumulate without the aid of non-capitalist organisations, nor, on the other hand, can it tolerate their continued existence side by side with itself. Only the continous and progressive disintegration of non-capitalist organisations makes accumulation of capital possible.[3]

Luxemburg distinguished three phases of primitive accumulation all of which are brought about by the application of force.

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1. Luxemburg, Rosa "The Accumulation of Capital" (1913) in J. P. Nettl(1969) Rosa Luxemburg, vol. 1 & 2, Oxford University Press, pp. 369-370.

2. Luxemburg, Rosa Op. Cit. p. 416

3. Ibid, p. 416.

> We must distinguish three phases: the struggle against commodity economy, and the competitive struggle of capital on the international stage for the remaining conditions of accumulation.[1]

Subsidiary to her main market thesis, Luxemburg argued that capitalist extended reproduction required free access to ever fresh sources of raw materials arising from both new or increased needs, as well as to replace depleted resources.

Luxemburg's contribution to the theoretical understanding of primitive accumulation was the recognition that the process of primitive accumulation in relation to pre-capitalist modes of production, other than feudalism, can be traced to a stage preceding handicraft commodity production. While this is a significant contribution, there are very fundamental problems with her works as a whole.

Luxemburg's market thesis is based on a serious oversight in her reading of Capital. As Bradby[2] correctly pointed out, capital's extended reproduction does not inherently jeopardise surplus value realisation. The capitalist accumulation process is accompanied by increasing productivity in the economy which constantly lowers exchange value while creating greater and greater masses of use value. A lowered exchange value pre-empts the problem of the capitalist society's consumptive ability to absorb capitalist production.

Bradby incisively recognised that Luxemburg's market thesis contradicts her secondary thesis on capital's

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1. Ibid., p. 368.

2. Bradby, B. (1975) "The Destruction of Natural Economy" Economy and Society, vol. 4, No. 2.

imperialist expansion for raw materials. The market thesis generalised imperialism to the capitalist mode of production regardless of its level of development. The secondary raw material thesis, on the other hand, followed Lenin's conception of imperialism, viewing imperialism as essentially an historical phenomenon arising from the needs of capitalist production at a particular historical conjuncture.

Finally, it is necessary to note that while Luxemburg drew attention to the operation of primitive accumulation in precapitalist modes of production, other than feudalism, her consideration of the significance of the pre-capitalist mode in its confrontation with capital does not extend far enough. She never adequately considered the nature of internal conditions in the pre-capitalitt modes of production. In her theoretical formulation, pre-capitalist modes are merely external markets for capital or sources of raw materials. This is why Luxemburg so easily reduces imperialist penetration to <u>force</u>. If she had considered the pre-capitalist modes of production she would have been in a position to recognise the possibility for the introdcution of commodity exchange peacefully in pre-capitalist modes of production characterised as we shall see later.

V.I. Lenin's works made two important contributions to the study of capitalist development. The first was achieved through <u>The Development of Capitalism in Russia</u>, which was the first systematic attempt in the Marxian tradition to provide a case study of the development of capitalism in a backward nation. The second, written in the light of 1917 Revolution, the collapse of the Second

International and World War I - Imperialism: The Highest Stage of Capitalism, sought to explain the most important political and economic changes in the advanced countries of the capitalist system, the changes in international relations which had resulted, and particularly the role played by international capital. Finally, the future tendencies of the capitalist system in its monopolist or imperialist stage, and above all, the effect these would have on its historical progressiveness in the periphery. Before we examine Lenin's contribution to the debate of Imperialism, let us examine his Development of Capitalism in Russia.

In this work, Lenin undertook a detailed and profound study of the forms in which developing capitalism in Russia is articulated both to the economies of Western Europe and to the other existing modes of production in Russia itself. That is to say, the way in which Russia - its classes, state and economy - is articulated to the corresponding elements in the countries of Western Europe. The essay was written as part of a profound controversy in Russia regarding the necessity and feasibility of capitalist development there. A discussion of this controversy -is particularly relevant as it was in the context of an identical controversy in Latin America in the 1950s and 1960s that the contribution of the dependency school was made.

In the 1880s and 1890s Marxism became a prominent ideology amongst the Russian intelligentsia. As a result of more understanding of Marx's works, a long-drawn-out debate was initiated by a group known as the Narodniks and other intelligentsia who rejected the Narodniks position. Lenin was one of the opponents of the Narodniks position on the path which Russia should take to socialism. However, before we examine Lenin's polemics against the Narodniks, let us briefly state the Narodniks position.

The central argument of the Narodniks was that capitalist development was not necessary for the attainment of socialism in Russia, and that from an economic point of view it was by no means clear that capitalism was a viable system for a backward country such as Russia. They laid great stress upon the problems created by 'late' entry into the process of capitalist industrialisation.

Regarding the necessity for capitalist development in Russia, the Narodniks were convinced that the Russian peasant Commune[1] with its system of communal ownership was essentially socialist, and capable of forming the basis of a future socialist order; hence Russia might indeed lead the rest of Europe on the road to socialism.

The Narodniks were the first group of people to suggest that capitalism may not be viable in a backward nation. Thus, the Narodniks' writer Vorontsov argued that: "the more belated is the process of industrialisation, the more difficult it is to carry it on along the capitalist line."[2]

For the Narodniks, therefore: "backwardness provided an advantage in that the technological benefit of modern

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1. The Commune system existed in Russia for hundreds of years until it was abolished in 1861. See Leon Trotsky (1967) History of the Russian Revolution, Vol. 1 Sphere Books.

2. Quoted in Walicki (1969) The Controversy of Capitalism, Oxford University Press, p. 121.

capitalism could be used while its structure rejected."[1]

Writing in The Development of Capitalism in Russia, Lenin agreed with the Narodniks' claim that capitalism was a brutalising and a degrading economic system. Nevertheless, like Marx, he distinguished clearly between this aspect of capitalism and the historical role which it played in Russia:

> Recognition of the progressiveness of Capitalism is quite compatible... with the full recognition of the profound and all round social contradictions which reveal the historical transcient nature of this economic regime. The progressive historical role of capitalism may be summed up in two brief propositions; increase in the productive forces of social labour, and the socialisation of that labour[2]

Their differences were not only at a theoretical level however. For Lenin, the Narodniks were in error over basic matters of fact. Lenin shows, after a long and detailed study of the labour market in Russia that capitalism was already developing rapidly, and that it should already be considered as essentially a capitalist country, although "very backward as compared with other capitalist countries in her economic development."[3]

For Lenin, what was indispensable was the profound study of why the development of capitalism in Russia, while rapid in relation to development in the pre-capitalis period was slow in comparison to the development of other capitalist nations. It is in his approach to this question

1. Sutclife, B. (1972) op.cit. p. 182

2. Lenin, V.I. The Development of Capitalism in Russia, (1899) Progress Publishers Moscow (1967) pp.602-603

3. Ibid., p. 507.

that in our opinion, we find his most important contribution to the study of the development of capitalism in the peripheral areas.

His analysis of the flaws of capitalist development in Russia has three inter-related themes::

(i) The weakness of the Russian bourgeoisie as an agent for the furthering of capitalist development;

(ii) The effect of competition from Western Europe in slowing the growth of modern industry in Russia; and

(iii) The great and unexpected capacity for survival of the traditional structures of Russian society.

Although the weakness of the Russian bourgeoisie has been debated at length by the Russian left, nevertheless, Lenin's analysis was unique in that he relates this weakness to the ambiguous role played by foreign capital (from Western Eurpoe) in the development of Russian capitalism. On the one hand, it accelerates the process of industrialisation, while on the other, it lies behind the weak and dependent nature of the small Russian bourgeoisie. This particular point is crucial when we later examine the role of the petty bourgeoisie in the post-colonial situation in Nigeria.

It is what he says in relation to the second factor which explains the slower pace of Russian capitalist developm- Lenin stresses that as Russia was industrialising 'late' the development of its modern industry had to compete not only with the production of traditional artesanal industry (as the first countries to industrialise had to do) but also with the far more efficient industrial production of advanced countries within the capitalist system.

Finally, Lenin places great emphasis and explanatory value upon the great capacity for the survival of the traditional structure in Russia:

> In no single capitalist country has there been such an abundant survival of ancient institutions that are incompatible with capitalism, producers who (quoting Marx), 'Suffer not only from the development of capitalist production, but also from the incompleteness of that development.[1]

An important aspect of Lenin's analysis of the survival of traditional structures (and one that is particularly relevant to the present situation in Nigeria) is his treatment of the inter-connections which develop between the different modes of production which existed in Russia:

> The facts utterly refute the view widespread here in Russia that 'factory' and 'handicraft' industry are isolated from one another. On the contrary, such a division is purely artificial.[2]

Lenin's Imperialism: The Highest Stage of Capitalism (1917), described monopoly-capital as the concentration of production and capital at a very advanced stage of development. Monopoly capital signified the end of the dominance of competitive capital and the growth dynamic engendered by the competition of small private capitalist enterprises. The development of productive forces could no longer be contained by competitive capitalism. The extended reproduction of monopoly capital resulted in the proliferation of investment markets, and new sources of raw materials to facilitate the development of national capitals which however, defied national boundaries. The capitalist states territorially divided the world through colonial annexation in an attempt to guarantee their national monopoly capitals investment opportunities and sources of

1. Lenin V.I. The Development of Capitalism in Russia, p.607
2. Ibid. p. 547

raw materials.

In this work, Lenin depicted imperialism as the phenomenon of self-expanding extended reproduction of capital dynamized by monopoly competition. Lenin described monopoly competition as the process of centralisation of capital in the organisational form of syndicates, cartels and trusts situated within particular national capitals. Furthermore, Lenin noted that some national capitals advanced far beyond others to gain a monopolist position.[1] In conjuction with the force of capitalist state power these national capitals expanded their reproduction to encompass raw materials, markets and investments in areas hitherto untouched by capitalism.

Firstly, Lenin established imperialism as a particular historical phase of capitalist development.

> Imperialism emerged as the development and direct continuation of the fundamental characteristics of capitalism in general. But capitalism only became capitalist-imperialism at a definite and very high stage of its development, when certain of its fundamental characteristics began to change into their opposites, when the features of the epoch of transition from capitalism to a higher social and economic system had taken shape and revealed themselves in all spheres.[2]

Secondly, monopoly capital expansion was motivated by big profits. However, the costs of colonialism were considerable, to the extent of hindering development in the imperialist country. This seeming contradiction was resolved by Lenin who recognised the primary importance of colonies as sources of raw materials in the face of monopoly competition.

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1. Lenin, V.I. (1917)(1970) Imperialism: The Highest Stage of Capitalism. Peking: Foreign Language Press. p. 62

2. Ibid. p. 88

> Finance capital is not only interested in the already known sources of raw materials; it is also interested in the potential sources of raw materials, because present-day technical development is extremely rapid, and because land which is useless today may be made fertile tomorrow if new methods are applied.[1]

Finally, Lenin insisted that:

> Colonial possession alone gives complete guarantee of success to the monopolies against all the risks of the struggle with competitors, including the risk that latter will defend themselves by means of a law establishing a state monopoly. The more capitalism is developed, the more the need for raw materials is left, the more better competition becomes, and the more feverishly the hunt for raw materials proceeds throughout the whole world, the more desperate becomes the struggle for the acquisition of colonies.[2]

Precisely because British profits came from trade, not from industry, it was essential that Nigeria, as a peripheral capitalist economy, should not be fully developed. The productive forces of a peripheral capitalist economy must be kept in check, obliging it to rely for its supply of manufactured goods, either consumer or producer, on imports from core capitalist states. It is also important that a peripheral capitalist economy has means of supporting its producer classes other than by the purely capitalist means of wages. In a peripheral economy, producers are only partially integrated into the world trading network. They still maintain some contacts with pre-capitalist subsistence forms of agriculture, hence, it is possible to underpay peripheral peasants for the goods they produce

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1. Lenin, V.I. Imperialism: The Highest Stage of Capitalism. p. 65

2. Ibid., p. 83

because it can be assumed that part of their support comes from their traditional communities. This underpayment of producers for their goods constitutes one of the principal sources of trade profits for the core capitalists.

From the above analysis of Luxemburg, and Lenin's contributions, it is clear that capitalist development entails an expansionist policy because of the needs for raw materials, markets and 'super-profit'. The periphery of the capitalist system has been forced to furnish the needs of the metropolitan centres at each stage of its development. The peripheries of the World Capitalist System are faced with two choices - to continue to be dependent and hope to develop within the capitalist -system, or to use their capacity to transform the structure of their respective countries, in an effort to develop through a different type of integration into the world economy. It is this alternative path to integration, into the world economy that informed the dependency theorists in the 1960s and 1970s. It is to the works of one of these writers that we now turn.

3.4 FRANK ON IMPERIALISM AND PRIMITIVE ACCUMULATION IN THE PERIPHERY

The problem of imperialism as earlier studied by Hilferlding, Bukharin, Lenin and others has been revived recently by A.G. Frank and other Third World writers on the nature of dependence within the Third World as a whole. The dependence theory had its origins in the United Naions' Economic Commission for Latin America(ECLA) established in 1948.[1]

1. Economic Commission for Latin America (ECLA) was set up by the United Nations in 1948.

In contrast to the Rostovian developmentalist models, the ECLA economists (school) insisted that 'development' and 'underdevelopment' had to be treated within the single framework of world economy.

Their starting point within a global economic framework linked the dependency theorists with the Marxian paradigm. Although the ECLA theorists accepted such a general framework of capitalist development, they gave more attention than the 'orthodox writers' on capitalism and imperialism did to the effects of this development on the periphery. These relations of dependence, they argued, had created internal structures promoting a form of 'dependent' capitalist development, in those sectors and among those classes closely linked with the capitalist systems, whilst marginalising other strata, including the peasantry. However, the 'school' promulgated different economic strategies for overcoming this externally induced sectorial imbalance, rather than a political strategy. The failure of the ECLA approach by the mid-1960's meant that an alternative was urgently required. A.G. Frank provided this alternative approach in his numerous writings in the 1960's and 1970's.

In his works, Frank advances the radical thesis that Latin America (and the Third World) have been "capitalist not from its birth but from its conception." In _On Capitalist Development,_ Frank conceptualised capitalism as "a single world-wide economic and social system, ranging back over the centuries."[1] An essential component of this system is the production of commodities for the world market

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1. Frank, A.G. (1975) _On Capitalist Development,_ Oxford University Press, p.45.

and a surplus product which becomes appropriated by non-producers. Capitalism in Frank's model, becomes reduced to and identified with one determinant or variable - commodity production, i.e. relations of exchange.

A concommitant argument of this proposition is the assertion that 'underdevelopment' for countries such as Chile is not an original or traditional state, or a historical stage of economic growth. Rather, 'underdevelopment' constituted the necessary product of the contradiction ridden process of capitalist development. In short, it was the historical development of the capitalist world system[1] into which countries such as Chile were integrated from their inception that generated underdevelopment in some and development in others. The distinction between 'underdeveloped periphery' and 'developed centre', or 'underdeveloped satellite' and 'developed metropole' therefore comes into being.

According to Frank there are three essential contradictions which generate and reproduce development and underdevelopment:

1. The expropriation/appropriation of the economic surplus produced in the periphery by the centre;
2. The polarization of the capitalist system into metropolitan centre and peripheral satellite(s); and

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1. For a discussion of this point, see Banaji, J. (1980) "Gunder Frank in Retreat", The Journal of Peasant Studies, vol. 7, No. 4 pp. 508-21.

3. The continuity of this structure of development and underdevelopment due to the "persistence or re-creation of these contradictions everywhere and at all times", what Frank terms 'continuity in change'.

The most quoted critique of Frank's propositions are conceptually - confused in so far as he simply tends to define capitalism in terms of exchange relations. Such a definition, asserts Laclau, fundamentally differs from Marx's conception of a mode of production to the extent that it ignores the principal criteria for defining, 'a mode'-'relations of production'. But for Laclau, relations of production turn on the relationship between the direct producer and the surplus - appropriating non-producer.

In the first place, a Marxist critique of Frank which does not merely oppose another conceptual formalism to that posed by Frank is valid, if only because it might help us understand why so many so-called Marxists have been seduced or bowled over by Frank's rhetoric, to the extent that the term 'neo-Marxism' has achieved a wide currency.[1] Secondly, a critique is valid and necessary since it might help us understand Frank's development/distortion of Marxist concepts such as 'surplus-value,'mode of production,'[2] 'monopoly', 'primitive accumulation'[3], etc. It is unfortunate that Laclau does not include some of these at the centre of his polemic. Rather, the emphasis is to demonstrate that by maintaining the specificity

1. See The critique of this position by Taylor, J. (1974) "Neo-Marxism and Underdevelopment. A Sociological Phantasy", Journal of Contemporary Asia, vo. 4, No.1 pp.5-23.

2. Cf. Frank, A.G. (1975) "Development and Underdevelopment in the New World: Smith and Marx Vs. the Weberians", Theory and Society, Vol. 2. pp. 431-66.

3. Frank, A.G. (1978) World Accumulation 1492-1789, New York: Monthly Review Press.

of relation of production one would be able to pinpoint the existence of feudal production relations in Latin America and the Colonial/Neo-Colonial relations in Africa. In short, capital as pure negativity; reproduces modes of production other than itself.

Another quite common attempt to refute Frank picks on his usage of the concept of economic surplus, rather than surplus-value, despite his identification of the prevailing system as capitalist.[1] And one cannot 'opt out' by saying that Frank is not a Marxist since it is a problematic with which he tries to deal. John Taylor suggest that the transformation arises from working within the Baranian framework, and that the more innocouous term 'economic surplus' allows Frank (a) to sidestep the issue of relations of production within which this 'surplus' is extracted from the direct producer; and (b) to avoid an analysis of the direct modes of production and forms of penetration experienced by Latin American societies. Certainly the concept of 'economic surplus' prevents Frank from distinguishing between 'surplus-labour' and 'surplus-value'. It is significant, for example, that in World Accumulation, in order to maintain his thesis of a process of capitalist accumulation going back centuries, and at the same time to counter the reposte that accumulation pressupposes the conversion of surplus-value into capital, Frank argues for a non-wage-labour/non-surplus-value based process of capitalist accumulation. There is more to the issue than this since a central problem for the transformation becomes the mode of utilization of this 'economic surplus' - what is done with it? - rather than the manner

1. Cf. Assadourian C.S. (1973) "Modes de Production Capitalism Subdesarrollo en America Latina," in J.C. Saravaglia et.al., Modes de Production en America Latina, Buenos Aires: Guadernos del Pasado, ente.

in which it is extracted.

In reality, neither John Taylor nor Ernesto Laclau fully understands what 'working within the Baranian problematic' means for Frank. For John Taylor, it is simply the adoption of Baranian rhetoric - 'economic surplus', 'mode of utilisation', 'development and underdevelopment', 'appropriation', etc. Frank's Baranianism, however, goes much deeper and is more subtle. Fundamentally, it has to do with the question of monopoly and accumulation. We can attempt to illustrate this by returning to the three fundamentals outlined by Frank as generating development and underdevelopment.

The first of these contradictions relates to the expropriation/appropriation of the economic surplus. This concept of the appropriation of the economic surplus constitutes the key analytical and theoretical notion through which Frank proceeds to construct his assymetrical spartial relations between metropoles and satellites at a national, regional and world level. To say that Frank replaces the concept of 'surplus-value' by that of 'economic surplus' is to fail to draw attention to the woolly thinking if not deliberate or naive misrepresentation involved in the transformation. At the heart of Frank's three contradictions lies the concept of monopoly. Like Baran, Frank makes a connection between monopoly and economic surplus, a connection which is fundamental to the theoretical exposition of Baran and Sweezy. Development and underdevelopment are not generated merely by expropriation/appropriation but through monopolistic expropriation/appropriation. Secondly, this monopolitistic structure is preserved at every level of the polarisation between metropole and satallite: "The same monopolistic metropolis - satellite structure is not limited to the inter-regional level but extends to the inter-sectoral level."[1]

Finally, monopoly is ingrained in the very feature of 'continuity in change'. The capitalist monopoly structure, Frank argues, has been dominant "from the very beginning just as it continues to reign today."[2]

In effect, the 'underdeveloped' world has been 'monopoly capitalism's oyster' for a very, very long time.

It is on this basis that Frank concludes that:

> ...monopoly concentration throughout the history of Chile and other underdeveloped countries has probably been greater than it has been in the developed countries in recent times.[3]

Undoubtedly, as our own work will indicate, Frank was putting his finger on an important development which has been too often glossed over by his critics in favour of the obsession with 'modes of production' whose laws of motion are rarely elaborated. Marx himself was aware of the existence of such early monopolies, viz, his

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1. Frank, Capitalism and Underdevelopment, p. 199
2. Ibid. p. 25
3. Ibid., pp. 18-19.

reference to 'colonial monopoly', and the fact that they were just as important for English primitive accumulation as for Frank's 'development of underdevelopment'. The major task of a Marxist research should be to assess the identity and difference as well as the consequences of such monopolies without dissolving every manifestation into a generic concept of monopoly. Having discussed the contribution of Frank and his critics at length, let us turn our attention to the role of the peripheral state in the political economy of the periphery.

3.5. THE COLONIAL AND POST-COLONIAL STATE.

As we have shown above, the development of capitalism in Western Europe was conditioned by the existence of an external market as well as by a protectionist and activity intervening state apparatus. The accumulation of money capital and the liberation of labour power from its feudal position were processes necessary for capitalist development and presupposed a world market in its embryonic form.

The foreign adventures of merchant capital secured as much gold and other precious metals as possible, while later on the colonial areas also became markets for European industrial products. The discovery and exploitation of external markets was a process which had to be supported by a strong state, providing the military apparatus when necessary, extending credit facilities and guarantees for private capital, developing the means of circulation (money equivalents), etc., when required.

With the consolidation of a national bourgeoisie taking on its natural role as the developer of capitalism - the destruction of fuedal relations of production, the accumulation of cpaital, and the creation of the bourgeois state - a change took place in the role of the state. From being mainly protectionist, the state became more liberal in its policies towards both the national and international exchange of commodities.

3.5(A) THE COLONIAL STATE

The colonial state, as a dependent appendage of the set of European states who participated in the partition of Africa, has a number of peculiarities which require noting. Its territoriality was ambiguous. The introduction of sharply defined frontiers - when it was finally accomplished on the ground two or three decades after the diplomatic settlement at Berlin - was a dramatic change from most pre-colonial arrangements. But the boundaries which assumed some degree of significance were those demarcating the domains of different colonial powers, not those separating the different territories into which an imperial state subdivided its possessions. Within contiguous zones ruled by a single power there was generally a free movement of goods and persons. In the early stages, only a handful of colonial possession had a strong territorial identity, particularly those which had a pre-colonial existence (Egypt, Tunisia, Morocco, Madagascar, Swaziland and Lesotho).

Sovereignty for the colonial state was exercised by the imperial occupant. For the most part, it was held to originate in conquest, with European rule imposed upon lands lacking international standing as sovereign entities. Apart from Egypt, Tunisia and Morocco, African colonial territories were considered to be sovereign voids. Nineteenth century international law became tinged with "Social Darwinism," and accenturated diplomatic distinctions between "civilized" and barbaric zones. The older Grotius law of nations theories, grounded in more universalistic natural law ideas, had more readily attributed sovereign characteristics to African and Asian Kingdoms. By 1895 British Law Officers had ruled that the exercise of a protectorate in an uncivilized country imparted the right to assume whatever jurisdiction over all persons may be needed for its effectual exercise.[1]

In the 1890s, King Jaja of Opobo (Nigeria) who had been induced to sign a protectorate treaty with Britain, wanted reassurances as to the legal meaning of "protection" he was assured that the Queen.

> ...does not want to take your country or your markets, but;.... undertakes to extend her gracious favour and protection, which will leave your country under your government. She has no wish to curb your rule, although she is anxious to see your country get up.[2]

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1. Wilson, C.S. (1977) The Imperial Experience in Sub-Saharan Africa Since 1870, (Minneapolis: University of Minosota Press, p. 84.

2. Ibid.

Finding himself summarily deposed by the British three years later, Jaja queried the British Foreign Secretary as to the apparent new interpretations of "protection", Lord Rosebery harshly responded that the British wished:

> promotion of the welfare of the natives of all these territories, taken as a whole.... It is not permitted that any Chief who may happen to occupy a territory on the coast should obstruct this policy in order to benefit himself.[1]

The most paradigmatic of the concepts of colonial sovereignty which dominated in most instances was Lord Lugard's celebrated statement to the Sokoto ruling class when he had defeated them in battle:

> The old treaties are dead, you have killed them. Now these are the words which I, the High Commissioner have to say for the future... The Fulani in old times under Dan Fodio conquered this country. They took the right to rule over it, to levy taxes, to depose kings and to create kings. They in turn have by defeat lost their rule which has come to the hands of the British. All these things which I have said the Fulani by conquest took right to do now pass to the British. Every Sultan and Emir and the principal officers of state will be appointed by the High Commissioner throughout all this country. The High Commissioner will be guided by the usual laws of succession and the wishes of the people and chiefs, but will set them aside if he desires for good cause to do so. The Emirs and Chiefs.. will obey the laws of the Governor and act in accordance with the advice of the Resident... you have always heard that British rule is just and fair, and people under our king are satisfied.[2]

The plenitude of the sovereignty doctrine applied by colonizers to their African domains was important in supplying ideological justification for a number of sweeping measures adopted. Particularly for the continual

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1. Wilson, C.S. Op. Cit. p. 94

2. Wilson, C.S. Op. Cit. p. 94

European states, an axiomatic derivative of sovereignty is the state claim of ultimate proprietary rights over land. On the very day of the creation, in 1885, of the Congo Free State, King Leopold issued a decree asserting state domain proprietorship over the entire territory, recognising only the occupancy rights to cultivate lands in the immediate vicinity of villages. Only the British were cautious in the application of this principle, where they anticipated stirring up undue trouble (southern parts of Nigeria and Gold Coast), or where they feared treaty agreements might be used as a basis for litigated challenge in their own courts (Swaziland, Basutoland).

The colonial state was conceded as a derivative territorial personality, but emphatically not a national one. The subject populations of Africa were invited to share a subordinated effective tie to the imperial centre. Until relatively late in the colonial period the proposition that there was a Nigerian, or Algerian "nation" would have been treated as utterly ludicrous. Indeed Governor Sir Hugh Clifford ridiculed in 1920 the Nigerian coastal elites who were beginning to speak of Nigeria as an embryonic nation:

> Assuming that this collection of self-contained and mutually independent Native States, separated from one another, as many of them are, by great distances, by differences of history and traditions, and by ethnological, racial/tribal, political, social and religious barriers, were indeed capable of being welded into a single homogeneous nation - a deadly blow would thereby be struck at the very root of national self-government in Nigeria, which secures to each seperate people the right to maintain its

> identity, its individuality, its own chosen form of government, and the peculiar political and social institutions which have been evolved for it by the wisdom and the accumulated experience of generations of its fore bears.[1]

Ormsby-Gore, on tour for the Colonial Office in 1926, wrote: "Self-Government in Nigeria, if ever it comes will be the self-government of the country by the Native Administrations and not by any elected council in Lagos."[2] Early Nigerian nationalists were seen as "denationalised" Africans, disqualified for any governance role; within this logic, the central secretariat ruling Nigeria and the regional administration by definition could only be British.

The centrality of law in metropolitan state ideologies required the creation of a legal realm in the colonial state. However, as long as a legal order was concerned the colonial state was a hybrid construction. The British had constructed out of their Western hemiphere experience the crown colony formula, by which each territory was a distinct legal domain, with law-making powers essentially vested in the governor. It was nominally exercised by a legislative council, which accommodated settlers, colonial establishments, and private interests, but remained under the thumb of the governor till the decolonisation stage. In spite of this segmentation, important uniformities came from the applicability of British legal concepts and precedents in the courts and the possibility of appeal to the British judicial summit - the House of Lords.

1. Cited in White, J. (1981) Central Administration in Nigeria, 1914-1948, Dublin: Irish University Press,

2. Ibid. p. 144.

The colonial state in general, while insisting upon the ascedency of its law, did not (and could not) enforce a comprehensive legal monopoly. The colonial legal order confined its demands exclusively to economic and social spheres covering the activity of the external estate of Europeans and other immigrants, and criminal offenses which were deemed, directly or indirectly, to affect the colonial people. Matters civil or criminal having no impact upon the colonial realm and concerning solely the subject populace, could be treated in African jurisdictions by customary law. In these fields the ultimate hegemony of the colonial state could be enforced by tutelage and monitoring of the African courts, whose verdicts were subject to review, and whose personnel were subject to screening by the colonial authority.

In the formative years particularly, the *telos* of the colonial state was entirely externally directed. Characteristic of the ideological premises of the colonial state was the 1912 assertion of a liberal spokesman for the empire in France, Jules Harmand:

> That the colonies are made for the metropolis, for the many and varied advantages that the metropolis may draw from them, is evident; if colonies, the foundation of which nearly always costs the metropolis so much money and sacrifices and which exposes them to such great risks, were not made to serve those metropolis, *they would have no raison d'etre, and one cannot see by what aberration civilized states would dispute them with so much rude jealousy.*[1]

1. Harmand, J. (1983) *Domination et Colonisation*, Cited in Roberts, *The History of French Colonial Policy*, page 29.

In summary, the colonial state as sub-species of the state had several distinctive characteristics. It was a dependent appendage of an externally located sovereign entity. It was alien to its core; the overall ruler subject/antimony contained several resting dualities; foreign/local, white/black; European culture/African heritage. Its inner logic was shaped by the vocation of domination. The very success of its hegemonical project constituted a civil society which over time was bound to reject its legitimacy. This was exactly what happened in the anti-colonial movement after the Second World War.

3.5(B) The Post-Colonial State

The peripheral countries as shown above have right from the start been part and parcel of the Centre's development process. These countries have delivered raw materials for the industries of Western Europe and agricultural products to cheapen the reproduction costs of the labour force. This fact naturally poses the problem of the peripheral state differently. Historically as well as presently, the material basis for a national accumulation of capital in the peripheral countries has been external - the peripheral countries have been part of the reproduction process of the centre. This has prevented the rise of a national bourgeoisie in the periphery to take on its natural function as developer of capitalism. In this situation the only instrument capable of creating a material basis for a national accumulation of capital seems to be the post-colonial state.

When discussing the role of the post-colonial state in furthering capitalist development, it is important to pose the question: which are the dominant classes in control of the state and why do their interests manifest themselves in an active interventionist state? In answering this question, it must be stressed that the dominant classes controlling the state will vary from country to country depending on the particular historical circumstances. But different as they may be, they all have a class interest in widening their economic base in the economy by enlarging the activities of the state. At the same time it is often in their interest to limit the influence of foreign capital, whilst stimultaneously working with foreign capital and international institutions. Hence it becomes a necessity for the dominant classes, even while opening up to foreign capital, to try to limit its influence and strengthen the national economic potential by means of the peripheral state.

In other words, the need for an active state interventionist policy in Third World countries manifests itself quite differently from and was the case of the state in the transitional period towards capitalism in Western Europe or America. Similarly, the contradictions arising from the effects of the external economic dominance over the periphery's socio-economic structure also poses the problem differently and much more markedly for the post-colonial state. It is because of these contradictions that Cabral wrote:

> ...We are not interested in the preservation of the structures of the colonial state. It is our opinion that it is necessary to totally destroy all aspects of the colonial state in our country in order to make everything possible for our people. The problem of the nature of the state created after independence is perhaps the secret of the failure of African independence.[1]

The state apparatus in the colonial period had as its main task the suppression of the indigenous classes. With formal decolonisation, this state apparatus was inherited relatively unchanged initially, in spite of the fact that the new situation required new roles by the state. This continuation of some of the functions of the colonial state has led to the conclusion that the post-colonial state is 'overdeveloped'. Alavi has most clearly expressed this view:

> It might be said that the 'superstructure' in the colony is therefore 'overdeveloped' in relation to the structure of the colony, for its basis lies in the metropolitan structure itself, which it is later separated at the time of independence. The post-colonial society inherits that overdeveloped apparatus of the state and its institutionalised practices through which the operations of indigenous social classes are regulated and controlled.[2]

The fact that Alavi's thesis has been developed on the basis of material from the Indian subcontinent may limit its general applicability. But apart from this, the theory has certain obvious shortcomings. The most serious

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1. Cabral, A. (1976) cited in Review of African Political-Economy RAPE No. 5, January - April, p.1.

2. Alavi, H. (1972) "The State in Post Colonial Societies: Parkistan and Bangladash," Socialist Register, No. 74.

one is that the so-called 'extra - societal' factors and their influence on the role and function of the post-colonial state are taken as an explicit theoretical point of departure, but are never specified in any detail. Rather, it is a general frame of reference which ensures that the global accumulation of capital is not entirely lost sight of.

The debate on the 'overdeveloped state' has found some support with regard to East Africa.[1] The idea of the over-developed state has however been severely criticised. According to Colin Leys,[2] the term 'over-developed state' is an empty category, and he argues against it from a theoretical as well as an empirical point of view. With direct reference to Alavi, Leys questions the whole plausibility of his argument that the inherited state apparatus is larger and more coercive than would have been the case if there had not been a colonial state, for it would still be necessary to suppress and subordinate all the domestic classes in the precolonial formations. This together with the existence of a powerful bureaucratic-military apparatus, makes Alavi believe according to Leys that the overdeveloped state is 'an accepted fact which his class analysis of its historical origins could then explain.'[3] Leys, theoretical argument against the concept

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1. Saul, J. (1974) "The State in Post-Colonial Societies: Tanzania" Socialist Register,

2. Leys C. (1976) 'The "Overdeveloped" Post-Colonial State: A Re-evaluation', Review of African Political Economy, No. 5.

3. Ibid., pp. 41 and 43.

of the overdeveloped state is directed towards this superficial and misleading approach where the descriptive dimensions and activity of the state are the point of departure for the construction of any theory.

It is really that this whole way of approaching the question of the significance of the state, i.e. of starting out from its structure and scope, whether inherited from an earlier situation or not, is a mistake. In order to understand the significance for any state and the stage of the class struggle, we must start out from the class struggle, not the state.

Leys also questions the idea of the overdeveloped state for empirical reasons. He says that the more the total volume of surplus value the state directly appropriates, the more it is likely to be immediately involved in the class struggle.[1] States in peripheral countries are, however, comparatively small with regard to population, the size of the economy, the surplus extracted, and the central government budget as a percentage of national incomes, etc.

The whole question of continuity which is implicitly in Alavi's thesis is rightly criticised by Leys. If bureaucracy of the periphery state is extensive, then this is probably more a result of post-colonial expansion rather than a simple question of 'inheritance'. But this whole question of post-colonial expansion or, in other words, the

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2. Leys, C. (1977) "The State and Capitalism in Kenya", Review of African Political Economy, No. 8.

particularly wide range of state functions which the post-colonial state has to undertake because of the historical past as well as its contemporary position within the global capitalist reproduction process, is an aspect which Leys ignores in writing off the 'centrality' of the state. As Steven Langdon puts it, the peripheral state has a:

> further function in periphery economies, that of managing the meshing of capitalist and pre-capitalist modes of production. And that further function makes the colonial and post-colonial state more central in the direct process of surplus appropriation and capital accumulation than in advanced capitalist economies.[1]

But 'overdeveloped' is still rightly considered an empty category.

Although the form and function of the peripheral state in Alavi's analysis is considered to be primarily determined by the dominant structural relations in the capitalist world system, these 'extra-societal' factors are as mentioned above, not specified in any satisfactory way. Nor does he systematically include the economic processes within the peripheral social formation, whether colonial or post-colonial. Although recognising internation as well as national economic processes within the peripheral state, the result is a predominantly politicalistic analysis. Material explanations, and explanations which in the real sense of the word are total or holistic, will necessarily have to include a description of the importance of world

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1. Quoted in W. Ziemann and M. Lanzendorfer, (1977) "The State in Peripheral Societies", Socialist Register p. 147.

market integration for the peripheral nations as well as the delimitation of the peripheral state as an active economic intervening factor, relatively autonomous, but in the last instance hemmed in by international capital.

This is exactly the point of departure for W. Ziemann and M. Lanzendorfer.[1] These two scholars look at how the peripheral state is not merely relatively autonomous in the political sphere, but also how the internally available economic surplus is produced and appropriated by the State. Active state intervention in the national economy in peripheral societies is seen as 'structurally rooted in the historical disruption of the economic structure of periphera society'.[2] The binding to the world market, historically as well as contemporarily, and consequently particular socio-economic structures in the benefit of the international bourgeoisie (i.e. acting as an instrument for the local comprador bourgeoisie). On the other hand, while being a part of the larger world economic system, it is nevertheless trying to act as a national state in pursuing a policy benefiting its own classes or fraction of classes. Most often this situation is seen as antagonistic, i.e. the state is acting on behalf of the international bourgeois to the exclusion of any possibility of acting as a national state at the same time. Ziemann and Lanzendorfer summari the economic functions of the peripheral state as follows:

> 1. Linking the world market with the national economy by breaking down as far as it is possible while maintaining the internal reproduction of the society - the political frontiers between the world market and the national economy, import-export policy, import of technology, foreign investment, etc.

1. Ziemann and Lanzendorfer (1977) Op. Cit. p. 161.
2. Ibid. pp. 161-2

2. Securing the existence and expansion of the world market in the national economic area, directed to the production of both internationally operating capital and national capital oriented to the world market.

3. Securing internal economic reproduction which is not automatically guaranteed through the economic process. This is directed, for instance, to the extended reproduction of national capital based on the home market (promotion of industry, infrastructure etc), the reproduction of the rural and industrial labour force, as well as of the independent and non-independent middle strata (wages and policy on food prices, etc.)[1]

From these mainly economic functions of the peripheral state, Ziemann and Lanzendorfer continue to discuss the political functions of the state - but still from the point of view of the world market integration.

The heterogeneous world market dependent reproduction process produces and reproduces a fragmented and unstable class structure and a relative social weakness of classes, fractions of classes and groupings in the nation. The consequence is that interests are realised and accommodated less and less within the social process and are mediated more and more by the state. Thus the state becomes the actual forum of class struggle and class relations. This is manifested in a process of increasing concentration of political power in the state apparatus.[1]

Of particular importance in this respect is the state bureaucracy. To maintain its privileges, it has to extract surplus as most often from the agricultural or mining sectors or through other ways of raising revenue (taxes and import/export duties, etc.). This means that it is also in the bureaucracy's interest to find profitable

1. Ziemann and Lanzendorfer, op. cit., p.165.

investment opportunities for national and international capital while seeking other measures for the increase of production in other sectors. At the same time, however, the prevailing structure of society has to be maintained; social unrest and upheavals could threaten the powerful position of the bureaucracy. This implies both repression and active economic intervention by the state in cooperation with the powerful classes or fractions of classes.

In just one aspect, however, Zienmann's and Lanzendorfer's analysis does not seem to depart very far from the position of "dependency writers." In their discussion, the periphery makes it a sine qua non for the state to try to maximise the surplus appropriation in whatever way it can. Whether this surplus is directed to productive purposes or is unproductively consumed by the state apparatus, the administrators, politicians and bureaucrats is quite another question.

The situation of the peripheral societies (in transition from pre-capitalist social formation to capitalism), therefore poses particular problems for the state. The post-colonial state is in many ways placed in a contradictory situation. On the one hand, in its effort to further a broader industrial process, the post-colonial state will necessarily have to break down most if not all the pre-capitalist relations of production. On the other hand, in order to avoid a process of proletarianisation out of proportion with the more limited process of industrialisation, the state has to preserve the precapitalist formation in which the farmers and also industrial workers often find their means of production (and social security). This contradictory situation can be summarised in the dissolution/ conservation nexus and is the basis for theories on the articulation of modes of production.[1]

The work of Olle and Schoeller[2] sticks much more to the internationisation of capital theoretical framework. They see the fundamental problem as being one of achieving industrial development in the periphery in the face of competition from products on the world market produced under conditions of superior reproduction costs. The fact that the peripheral countries right from the start, i.e. right from their first linking together with the colonial powers were:

> a direct and integral component of the total social process of reproduction in the industrial nations... allow us to identify the most important functions of the state: the creation of conditions which permit accumulation and extended reproduc tion.[3]

Since the peripheral nations are inevitably included in the reproduction process of the industrialised capitalist- countries (the Third World Countries deliver raw materials necessary for the continued accumulation of the industrial nations as well as agricultural products for the reproduc- tion of their labour force), their socio-economic structure

1. For a summary of these theories See for example Aidan Foster-Carter (1978) "The Modes of Production Controversy", New Left Review, No. 107

2. W. Olle and W. Scholler, (1977) "World Market, State and National Average Condition of Labour," Economic Research Bureau, University of Dar es Salaam, Occasional Paper, No. 77, 1 October,

3. Ibid. p. 14.

are externally directed and not internally integrated. In fact, Third World countries are missing a reproductive sector themselves. Lacking this reproductive sector of their own, these countries have to import this from outside in the form of means of production. In order to increase their opportunities to import means of production on an increased scale and thereby the possibility of an increase also in the productivity of labour, the peripheral countries have to raise their export earnings by increased productivity in the agricultural and mining sectors. The import purchasing power of the peripheral societies is, therefore, closely bound to the success of the state in raising (exportable) national output.

The lack of an internal reproductive sector is also the reason for the need for foreign investment if a capitalist industrialisation strategy is to succeed. Only by creating an investment climate favourable for international capital can the peripheral state get industries which, although geared towards the world market, could contribute to the beginning of an interlinking of the different economic branches domestically. The pre-condition for the establishment of attractive investment conditions is, however, repressive measures by the state, whereby the trade unions are suppressed and wages are kept down to a level acceptable to the foreign investor. Therefore, apart from the creation of the necessary infrastructure, participation in key industries, organisation of the capital market, financial support for locally developed technological innovations, the primary function of the peripheral state is to increase the productivity of labour while at the same time controlling wage rises.

In conclusion, our main conception of the peripheral state is as an instrument which, in the absence of a strong national bourgeoisie, can actively intervene in the economy, and establish capitalist relations of production . The state has, of course, to be seen also in relation to the underlying class structures in the peripheral country in question. But different as the dominant classes may be in various countries, they all have to represent a class interest in widening their economic base in the economy by enlarging the activities of the state, and limiting the influence of foreign capital, even while working with it in certain contexts. In our case study of Nigeria, we hope to demonstrate that the heavy involvement in the national economy of foreign capital has not prevented the dominant class from limiting its influence and strengthening the national potential by means of the peripheral state.

PART II

THE CAPITALIST PROCESS IN THE COLONIAL ERA.

CHAPTER IV

THE COLONIAL STATE AND PERIPHERAL CAPITALISM IN NIGERIA.

White traders initially worked in partnership with the small city - states along the Niger Delta, which profited from an increasing trade in palm oil. The development of steam-propelled river boats and the prophylactic use of quinine, however, gradually enabled British traders to penetrate inland: the old system of collaboration with the river states by diplomatic means supported by seapower broke down. By the 1870s four British companies were operating on the Niger valley, and navigation extended some 600 miles into the interior. British commercial penetration occasioned widespread conflict. African palm oil brokers in control of the strategic river courses and creeks tried to keep out the interlopers. British merchants then called on their government for protection, and the 1870's (1880s and 1890s) saw a good deal of stiff fighting. As long as British vessels remained in the vicinity of inland trading posts, the merchants did good business. When the dry season set in and warships could no longer move up river, Africans resumed their attack. Barter and battle alternated with the regularity of the seasons.[1]

4.1 INTRODUCTION

Colonial rule in West Africa in general, and in Nigeria in particular, did not simply come into being by the various

1. L. Gann and P. Duignan, (1978) The Rulers of British Africa, Croom Helm, London.

treaties and brutal military subjugation of the various kingdoms across the sub-region from the 1870s through to the early 1900s. In fact, West Africa had in the 17th century been the scene of great international competition among the European powers for the major share in the inhuman slave trade. By 18th century, British merchants and ships had dominated the slave trade. In the 19th century, British traders pioneered and consolidated the palm oil trade which became the true essence of the 'legitimate trade'.

Along the coast of what is today Nigeria, it was the British traders, African middlemen, chiefs and agents who established and developed the oil trade. Prior to the 1870s the oil trade brought good returns for British traders, and African middlemen and chiefs alike. Both parties enjoyed 'super profit' because there were few participants and prices for tropical goods in Europe were quite high. However, in the last two decades of the 19th century, this situation changed radically. Although Britain had been the "Workshop of the World" and the leading trader, her position was challenged by other European powers from the 1870s. Other European powers like the French and Germans had put to use the industrial techniques that Britain had earlier exported to them. And having developed their own manufacturing industries, they sought a larger share of the world's trade.[1]

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1. Britain was the First Industrial Nation (1750 - 1850) and she became the "workshop of the world" until the 1870s and 1880s when the French, Germans and Americans employed techniques which Britain had earlier exported to them. As they increased their manufacture so also did their demands for raw materials and markets. Thus, they demanded a larger share of the world's trade which was then largely controlled by British capitalists/merchants.

Thus, West Africa, where Britain had hitherto enjoyed such an unchallenged commercial supremacy, once again became the scene of great international rivalry. This time, however, the object was territorial acquisition and monopoly control over raw materials and markets. The rivalry was dichotomous in nature: first, there was the rivalry between British traders and other European traders; second, there was the struggle between African middlemen and kings with British traders.

From the 1870s, British traders wanted government support in their commercial struggle against French and German traders in what is today Nigeria. Increasingly, also they wanted British government intervention in the region so as to prevent African middlemen, Kings and agents from demanding high tolls, imposing what they considered unreasonable prices on commodities and subjecting British traders to their jurisdiction. It is our belief that more than anything else, these later demands against African coastal middlemen and kings led to the gradual extention of consular authority and the eventual conquest and creation of a colonial state.

Before we can fully discuss the various contradictions that led to the military conquest and finally the creation of the colonial state and economy in Nigeria, we need to define and describe colonialism as a political as well as an economic strategy for extending capitalist modes of production to pre-capitalist social formations and in the process initiating a capitalist process that further incorporates these pre-capitalist social formations into the Capitalist World System.

In his recent work on Uganda, Mahmood Mamdani defines colonialism in terms of its political control. For him, colonialism is:

> a particular form of control, established through the implementation of a state apparatus in a conquered territory. The colonial state, with its military and administrative apparatus was directly subordinated to the metropolitan state, in Uganda, the British State.[1]

B.J. Berman's position on colonialism is similar to that of Mamdani. He described the process of colonisation by pointing out that recent advances in theoretical understanding of colonisation in Africa have focussed on the incorporation of the continent into the circuits of the capitalist world system and the complex and contraditory restructuring of the forms of production and trade in various ways to meet the use of the metropolitan capital. Colonialism, however, involves an equally important and no less dramatic transformation of the forms of political, administration and control. For him, therefore,

> the development of the colonial state is a function of the socio-economic forces operating at the periphery of the world capitalist system and this accounts for the structural forms and practices of the state in shaping the development of the forces and relations of production and processes of class formation in those colonies.[2]

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1. Mamdani, Mahmood, (1975) "Class struggle in Uganda" Review of African Political Economy, No. 4. p.29

2. Berman, B.J. & Lonsdale, J.M. (1980) "Crises of Accumulation, Coercion and the Colonial State: The Development of the Labour Control System in Kenya 1919-1929", Canadian Journal of African Studies, Vol. 14, No. 1, pp.55-56.

Although these two definitions and descriptions are economic-based a purely economistic interpretation of colonialism may not give an all-embracing explanation of the motives for colonialism. Ronald Robinson and John Gallagher view the motive for British imperialism in Africa in terms of strategy. They insist that it was the need to secure the Suez Canal for the defence of the economically more worthwhile British Raj in India. Similarly, Anthony Wood in his work on European Political History, explains that strategic considerations tended to predominate. For him, the opening of the Suez Canal and her concern for the route to India drew Great Britain into Egypt and East Africa despite the greater economic significance of West Africa, while France hoped that the recruitment of native troops would bolster up her failing manpower. Eventually, once the race was on, ambitions were often governed simply by the desire to prevent rivals from gaining an advantage.[1]

A similar position is taken by Basil Davidson in a recent study. Davidson documents how European nationalism contributed to the "scramble for the partition of Africa." Britain and France, the two leading imperialist powers with the rest of European nations trailing behind them, felt compelled to expand their own shares of Africa in order to surpass each other. For Davidson, the "national interest became identified with colonial possession, and

1. Wood, Anthony, (1972) European Political History Longman.

the dictates of national interest were supreme."[1]

Despite the claims that factors other than economic were responsible for colonialism, it is very difficult to give any coherent account of motives apart from the economic motive. And from the policy statements of those who were actually involved in policy formulation and implementation and the European press coverage at the time, the economic motive seems to be the most important, though not the only factor. A brief look at the press coverage at the time will show this quite clearly.

For example, the Pall Mall Gazette, reporting in August 1895 in an article titled "The New Colonial Policy" discussed Chamberlain's plan to run the Empire "as a business" beginning first with the Crown Colonies and perhaps later the self-governing colonies:

> Mr. Chamberlain's policy is that of business, man, and it is wholly based upon commercial principles. If for example, a colony, 'A' has rich resources he proposes to borrow money, say at 3 per cent, in the market and to send this money to the colony for public purposes - the construction of roads, railways, or irrigation works. The money will be lent at 5 per cent and the security will be the works themselves. No doubt a short time will elapse before an actual return; but a wealthy country can afford to bury a small portion of its capital for a time, with the respect of an excellent return ultimately. The Colonial Secretary is of the opinion that such a policy as is here showed would result in the extension of English trade by millions. Not only so, the issues

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1. Davidson, Basil (1978) Africa in Modern History: The Search for A New Society, Perlican Books, p. 81

> would be twofold. In the first place the Crown Colonies would be materially benefitted and opened up as districts for emigrants; in the second place, the stimulus given to trade would go a long way towards the solution of the unemployment question.[1]

And for those who did not quite understand the "New Colonial Policy" of Joseph Chamberlain or who were reluctant as tax payers to see their money spent on the colonies, there were capable imperialists like F.D. Lugard to explain to them and mobilise support for the "New Colonial Policy". For example, in an address to the Royal Colonial Institute, (the present day Commonwealth Institute, London), Lugard stated the reason for colonialism as follows:

> It is essential to bear in mind that this annexation of Africa by the white races was no outcome of missionary and philantropic zeal. In the 19th century, moreover, there has been a new propelling influence at work over and above that blind impulse which prompts a certain proportion of the manhood of civilised nations to wonder forth into less civilised lands. The impulse to which I allude is the direct result of the great trade rivalry and commercial Warfare which has followed the cheapening of transport by the introductiin of steam. In our own industries, the competition of foreign-made goods, and the depression of trade, have driven us to seek new markets and new fields for our surplus energy.[2]

And further on, in the same address, Lugard explained to his audience (British tax-payers) the need for investment in the colonies.

> Each of the Continental nations who have assumed charge of the largest areas with perhaps, the exception of Portugal - is spending many hundreds of thousands sterling yearly on its African possessions. France, including the spending on Algeria, can hardly be spending less than several millions sterling a year. Germany and Italy each spend at least half a million. Hitherto Great Britain has spent but little. We pride ourselves that we make more

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1. Quoted in Pall Mall Gazette, August 1895, City of Birmingham Central Library, U.K.

2. Lugard F.D. , Lecture delivered at the Royal Colonial Institute (London), August, 1895.

> out of our colonial possessions, and spend less on them, than any other nation. But outlay on expensive wars, and on a cambrous and too expensive administration, is one thing, and outlay on the development of the country is a totally different thing.[1]

While the European powers were busy subjugating and establishing colonies here and there, European Socialists stood against imperialism. The German Social Democratic Party (SPD), at that time the strongest and most powerful workers' movement in the world, opposed colonialism. Led by August Bebel and Wilhem Liebknecht, the SPD gave a vivid picture of the intentions of Bismarck and other imperialist powers. On July 10th, 1884, for example, the party newspaper Der Sozialdemokrat published an article entitled "Marx on the Colonial System" which put the matter very clearly:

> The bourgeoisie wants colonies for its own benefit. Consequently, for the same reasons that it is enthusiastic about colonies, the proletariat, aware of its class interests, must categorically oppose these.[2]

The paper added that colonisation was one of the areas in which proletarians must adopt a purely critical and negative attitude as long as the capitalist system existed.

Similarly, in an address to the German Parliament, Wilhem Liebknecht also analysed the motives involved. He insisted that:

> the scramble for colonies was meant to counteract surplus production... since the goods cannot be got rid off inside the country,

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1. Lugard F.D. Lecture delivered at the Royal Colonial Institute (London) August 1895.

2. The German Social Democratic Party (SPD) Newspaper Der Sozialdemokrat, Editorial of July 10th, 1884.

there is pressure to secure foreign markets.[1]

The above quotations from Joseph Chamberlain; F.D. Lugard and the German Social Democrats do suggest that the aim of colonialism were to conquer, incorporate and exploit the colonies for the benefits of the European metropolitan bourgeoisie and in the Nigerian case - the British merchant capitalists.

The economic theses emphasising economic and social factors provide in our opinion better explanations for colonialism. Their historical basis is the expansion of capitalist modes of production worldwide. Economic recessions were typical of the last quarter of the 19th century and depression caused economic, social and political problems both in the metropolis and in the peripheral areas which had become part of the world capitalist system. The result of such crises in Europe was the expansion and consolidation of the capitalist system.

Finally, the answers to why the scramble for Africa began can be found in the Industrial Revolution, in a general sense. The Industrial Revolution, which first took place in Britain, revised human relationships in many ways. It increased tensions between social classes in the industrial countries; it intensified competition between countries and also changed European attitudes towards peoples and regions outside Europe. And as these regions became more and more important to Europe's economic development, European rivalry

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1. Liebknecht, Wilhem. July 12th 1884.

in Europe, the Caribbean, North and South America, and Asia was transferred to Africa.

The colonial state-building venture in Africa included in most areas a far more comprehensive cultural project than was the rule in Asia or the Middle East. To legitimize the politics of intervention, the concept of inequality between peoples and cultures was strengthened. In fact, an imperial faith had become by the 1870s/1880s supreme at European courts, the great Universities, in schools, the armed forces and even in the Established Churches. Imperialism adopted once and for all 'Social Darwinism' in its quest to legitimise its pillage of the so-called 'inferior' peoples and "dying nations". Economic and technological development brought about a feeling of superiority toward the so-called "backward" cultures and the obligations as it were, to bring them under the influence of Western civilisations through Christian evangelism. The scientific and technological revolutions of the 18th and 19th centuries accelerated this development. They intensified more and more the interdependent relationship between the metropolis and the periphery, and increased pressure and preparedness which were only waiting for a discharge channel. One of these channels was colonialism, one of the targets, Africa. The scramble was waiting for the beginning. It was launched by recessions in the World Capitalist Economy.

With all that have been said above, there remains a fundamental question: What were the contradictions which occasioned the 'easy access' of metropolitan (British) capital to first trade with and eventually overthrow the African middlemen, and then lead to the reorganisation of pre-capitalist social formations?

The rest of this chapter is devoted to the various contradictions that arose from the 1880s which led to military conquest and the creation of a colonial state in Nigeria.

4.2. BRITISH MERCHANTS, AFRICAN MIDDLEMEN AND THE COLONISATION OF NIGERIA

The roots of the various contradictions that engulfed the African Continent in general, and West African in particular in the last two decades of the 19th century very much lay in the Industrial Revolution which had taken place earlier in Europe. The development of industrial capitalism marked a clear break with the Mercantilist era.[1] Merchant capital could only appropriate value through unequal exchange. Merchant capital was, in other words, limited to the sphere of the circulation of commodities. Industrial capital, by contrast, directly intervened in the production process. The divorce of labour from its direct means of production resulting from and combined with the primary accumulation of capital

1. The three-century-long mercantilist stage of world capital accumulation was dominated by a marked and irreversible increase of European commercial or mercantile activity and the growth of colonial production for export which was in turn stimulated, controlled and exploited by European metropolitan commerce (1500-1700). The triumph of industrial capitalism was the triumph of capitalism as a system, a system characterised by the self-expanding production of commodities and value. Under this system, merchant capital was continually thrust further and further afield in search of ever-larger amounts of raw materials necessary for continued production of industrial capital and in search of new markets to realize the ever-larger amounts of value and surplus value embodied in the commodities which industrial capital produced.

gave rise to the generalisation of the wage labour form. In short, while merchant capital could only appropriate value, industrial capital could produce it and produce it on an ever-larger scale. Also raw materials necessary for the continued expanded production of industrial capital and new markets to realise the ever-larger amounts of value and surplus value embodied in the commodities which industrial capital produced forced British capitalists to look beyond Europe for markets.

The period from 1848 to 1873 was one of previously unparalled expansion of capitalism as a whole and of the West African trade in particular. British imports of palm-oil alone doubled between 1842 and 1855.[1] In a large measure this rapid expansion of West African commerce was directly due to the application of steam-power technology to ocean transport. Originally, the European marchant firms on the West African Coast had been merchants and shippers combined. The application of steam to the West African trade created a division of labour between shipper and merchant and this introduced yet another form of capital, transport capital, into the competition over the appropriation of surplus value and profit.

The impact of steam went further than the mere introduction of transport capital. With the introduction of steamship came more merchants into the West African Coast in search of the 'liquid gold'. Although the shippers initially spent a great deal of capital on outlay

1. Hopkins A., (1974) An Economic History of West Africa, Longman, p. 128.

individual merchant capitalists no longer needed to own a ship before they could ship their goods to Europe. It was this new development in communication between the two markets that once and for all intensified competition on the one hand and on the other set the stage for a complete transformation of the exchange system.

The palm oil trade may be characterised as a system in which the African merchants played the role of the middlemen between the peasant oil producers in the hinterland and the Europeans, predominantly British merchants. From old Calabar to Benin it had been a custom that the middlemen should supply the oil at the coast and charge their price accordingly. Thus, they had been performing a useful service to merchant capital, but they also appropriated a percentage of the surplus value and profit. The contradictions of the 1880s and 1890s called into question the percentage share in the palm oil trade by African middlemen.

Prior to the depression of the 1870s West African trade had been buoyant and British merchants had made good returns on their investment. For example, in 1851 a ton of palm oil which cost between £10 and £20 in Lagos was sold in Liverpool for £40. But in 1886, the price had dropped to £22 in Liverpool - thus representing a 45 per cent fall in prices. This drop in prices had far-reaching consequences when it is remembered that between 1880-1892, palm-oil produce averaged 82.5 per cent of all exports from Lagos.[1] Indeed some firms were forced to close down.

1. Hopkins, A.G. (1968) "Economic Imperialism in West Africa" Economic History Review, 21, 3 p. 603.

Whereas in 1880 twelve European firms were doing good business in Lagos, by 1892 only five of them managed to stay alive.[1]

As the struggle unfolded, the initial reaction of British merchant capitalists was an attempt to maintain their own profit margins by passing on the fall in prices to their African counterparts. African middlemen resisted this attempt with some degree of success, thus forcing British merchant capitalists to seek their removal as an independent factor in the palm-oil business.

The immediate result of the struggle between British merchant and African middlemen was concentration and centralisation of capital on a scale never seen before in West African - trade. This particular option came through Taubman Goldie whose family had entered the West African trade in 1876. Goldie on reaching the Niger discovered that the competition among the European merchants gave room for the African rulers to determine prices and play the merchants against one another. Goldie then advocated the organisation of a large firm which would be used to break the middlemen monopoly. Thus in 1879 the United African Company Limited was formed.[2]

The struggle between British merchants and African middlemen was further complicated by the challenge of French merchant capital on the Niger. It was this French

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1. Ofonagoro, W.I. (1979) Trade and Imperialism in Southern Nigeria 1881-1929, NOK, p.12

2. Flint, J.E. (1960) Sir George Goldie and the Making of Nigeria, Oxford University Press, Chapter 2.

challenge that led to further concentration of capital on the Niger. To crush his French competitors, Goldie reorganised his company and this resulted in the creation of the African National Company in 1882. Goldie then used the new company to engage the French in a short, sharp price war which left the French almost bankrupt and led to the eventual capitulation and absorption of French interests in 1884.[1]

The concentration of capital on the River Niger was part of an ongoing process world-wide, and was to bring respective European governments of the various merchants into conflict through the intervention of these adventurous merchants, their consuls and missionaries. These actions on the part of European powers in Africa were generally bound up with the political and economic struggles in Europe itself which were ultimately to bring the European powers to armed conflict in the First World War. Before the armed conflict however, diplomacy was preferred and substituted. And at the request of Chancellor von Bismarck of Germany, a conference of the powers was called together at Berlin to consider the question of Africa's partition.[2]

Although the Berlin Conference was quite elaborate in its deliberations, we only wish to highlight the outcome of the Conference as it affects the present study. One of the results of the Conference was the Niger Navigation Act,

1. Pedler, F. (1974) The Lion and the Unicorn in Africa- A History of the Origins of the UAC, Heinmann Educational Books, Chapter 9.

2. Flint, J.E. (1960) Sir George Goldie and Making of Nigeria, Oxford University Press. p. 384.

which declared the River Niger open, without hinderence to traders of all nationalities. The Act was to be administered by the British State, largely as a result of the National African Company's de facto control of the river through treaties. Thus, the British state was given the power to assume direct formal control of the Niger. Thus in June 19 1885, notification was inserted in the Government owned London Gazette to the effect that a protectorate had been established over the Niger districts which included:

> the territories on both banks of the Niger from its confluence with the River Benue at Lokoja, to the sea, as well as the territories on both banks of the river Benue from the conference up to and including Ibi.[1]

This proclamation was not enough in reducing the intensification of competition between European traders with the backing of their governments. What was agreed at Berlin was that any power claiming a particular territory had to 'effectively occupy' it. The British government following the conference had no clear plan for effectively occupying the territory she had claimed at the Conference. There were various opposing groups to the further expansion of the British empire.[2] The Colonial Office officials were against the establishment of a colony, while the Foreign Office favoured a protectorate under its control, and finally, the Treasury insisted that if a protectorate or a colony was to be created, it must not involve any expenditure from the Imperial Fund.

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1. Pedler, op.cit., p. 122; see also Edward Herslet (1967) The Map of Africa by Treaty, Cass, Vol. 1, pp. 122-155.

2. See John E. Flint, (1960) Sir George Goldie and the Making of Nigeria, Oxford University Press, Chapters 3 and 4.

Unable to 'effectively occupy' the newly acquired territory, the government issue a Royal Charter to the Niger Company who had been pressing for one in 1886. The Charter contained some of the treaties negotiated by the Niger Company earlier and the Company was thus 'authorised, and empowered to hold, and retain the full benefit of the several cessions made by the African rulers,' and to 'all rights, interests, authorities, and powers for the purposes of government (and the) preservation of public order'. Article 14 of the charter prohibited a monopoly of trade:

> Nothing in this charter shall be deemed to authorise the company to set up or grant any monopoly of trade; and subject only to customs restrictions on importation similar in character to those applicable in the United kingdom, trade within the company's territories under our protection shall be free, and there shall be no differential treatment of the subjects of any power as to settlement or access to markets, but foreigners alike with British subjects will be subjects to administrative dispositions in the interests of commerce, and order. The customs duties and charges hereby authorised shall be levied, and applied solely for the purpose of defraying the necessary expenses of government...[1]

Armed with the Charter, Goldie reorganised the company into a mini-government. First, he transformed its board of directors into a governing council, its managers into senior executive officers, and its trading agents into the districts agents of the company's rule. Secondly, a senior judicial officer was appointed as well as a commandant of the constabulary, the latter being the company's army. What this meant was the complete fusion of the instrument of commerce and state power into one body.

1. Pedler, F. (1974) The Lion and the Unicorn in Africa, Heinmann, p. 124.

The granting of the charter and the immediate activities of the Niger company brought to a head struggles amongst the merchants. The British rivals of the Royal Niger Company reacted by organising the African Association[1] which launched a propaganda attack on the Royal Niger in England, while, moving to challenge the Niger Company on the Niger. French and German merchants hoping to take advantage of freedom of navigation on the Niger were bitterly disappointed by the monopoly policies of the Royal Niger. They too launched a propaganda attack throughout Europe against the Company. Similarly, the rulers of the various African states which had fallen within the Company's territories were angry with the closure of their traditional markets to them.

The protest of the various groups resulted in the setting up of the Macdonald Special Commission.[2] Although the outcome of the Commission' enquiry was inconclusive, the immediate threat from French and German -interests was diplomatically resolved by the Anglo-French Agreement of 1890 and the Anglo-German agreement of 1893. Also, the Liverpool merchants and African rulers were partially placated by the creation of a new administration which was something of a compromise between a colony and a

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1. See Pedler's, <u>The Lion and the Unicorn in Africa,</u> Chapter 10.

2. The Macdonald Special Commision was set up in 1887 to inquire into the situation on the Niger and to make recommendations so as to settle the various disputes between the Royal Niger Company, the African Associations, and African States that had been affected by the activities of the Royal Niger Company.

a protectorate.[1]

The merchants of the Delta welcomed the new situation and hoped to use it to their advantage. The Liverpool merchants realised that the new situation created avenues for asserting their interests over and above those of the African middlemen. The monopolistic policies of the Royal Niger had apparently shown the way by trading directly with the peasant producers at lower prices. Finally, if such devices as amalgamation should fail, the new protectorate administration surely could be used to break the middlemen's monopoly.

The new 'forward policy' adopted soon after Berlin created a critical situation for the African merchants. The most powerful middleman in the Delta was King Jaja of Opobo. By monopolising the contact with the peasant producers in the hinterland, Jaja was able to exploit the rivalries between the British firms. However, with the falling prices of the 1880s British merchants closed ranks and declared Jaja, who they had traded with for many years, 'a menace' to British trade. In their struggle against Jaja, they employed the services of the British Consul in deposing Jaja. Vice-Consul Harry Johnson, who was the acting Consul at the time, writing later in <u>The Colonisation of Africa</u>, justified Jaja's

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1. The Niger Coast Protectorate which was created as a result of the Macdonald Report (1889) was headed by Macdonald himself as the High Commissioner. Most of Macdonald's recommendations were never implemented though he was the High Commissioner. Men like Sir George Goldie fought against the implementation of the Report as it affected the Royal Niger Company.

deposition as follows:

> ....these consular administrators were obliged to face a serious difficulty in the determined opposition of certain coastal chiefs to the carrying on of direct trade with the interior.... Foremost among these obstructive individuals was Jaja... As Jaja at last went to the length of forcefully opposing trade between the British merchants and the natives of the interior, Mr. H.H. Johnson (the author), then acting consul of the Oil Rivers removed him to the Gold Coast to be tried before a Commissioner...With the exile of Jaja the principal resistance of the middlemen was broken.[1]

Jaja's appeal to the Foreign Office against his deposition quoting the protectorate definition given him in 1884[2] was rejected. The Secretary of State insisted that no chief on the coast could obstruct a policy designed to promote the welfare of the people. People should be assured of trade and intercourse with European merchants.

The removal of Jaja did not completely break the middlemen. Nana Olomu, the 'Governor of Benin River', opposed the British merchants' attempts to deal directly with the producers in the hinterland. For obstructing British trade on the river, he too, was subsequently deposed, tried and exiled. Similarly, the Brass traders who had been cut off from their market by the monopoly of the Royal Niger Company revolted against the company, destroying its Akassa headquarters. The company constabulary, backed by the British navy bombarded Nembe the

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1. Johnson, Harry, The Colonisation of Africa, quoted in John Hatch (1971) Nigeria: A History, Seeker and Warburg, p. 136.

2. Consul Hewett had given Jaja a favourable definition of what a "Protectorate" was in 1884. See Jaja of Opobo's Private Papers at the Nigerian National Achieves, Ibadan.

major town of the Brass. A similar fate befell the Oba of Benin, Oba Ovenramwen who had imposed a trade embargo on the British for refusing to pay his price. Consequently, Benin was sacked, its ancient treasures were looted and many died while Benin burned.

In Yorubaland, both the missionaries and British merchants played a prominent role in the expansion of British rule. But much more important was the constant threat of French intervention after the French had gained control over Dahomey. The arrival of a French mission in Abeokuta, the capital of the Egba state which controlled one of the vital trade routes to Ibadan and the interior forced the British government to make treaties with Yoruba kings. It was the stalemate between the French and the British that forced a compromise in which a line was drawn between the spheres of influence of Lagos and Porto Novo to the ninth parallel of latitude.

With Yorubaland free from French encroachments, Lagos could afford to limit its ambitions in Yorubaland. However, the rivalries between Yoruba states reasserted themselves. These continuous struggles resulted in the frequent closure of the trade routes to the interior. These closures undermined Lagos revenues and thus forced Lagos to assert its overriding authority.

The opportunity for the Lagos government to back its merchants and smash the African middlemen rulers of Ijebu came in 1892. The Ijebu rulers blockaded the trade route to Lagos, and when all efforts to make them remove the blockade failed, the British governor of Lagos sent a military expendition to Ijabu Ode. The military expendition was a quick, sharp action that defeated the Ijebus and initiated

British occupation of Ijebuland. But once Ijebu had fallen, the rest of Yorubaland offered no resistance to British occupation. A small revolt against the British in Oyo in 1895 was easily put down.

The effects of peace in Yorubaland after 16 years of inter-group wars was dramatic on Lagos. The revenue of the Lagos colony had been £68,421 in 1892, it rose to £115,317 in 1893 and to almost £180,000 in 1896. These figures reflect a steady increase in trade, which grew by over 50 percent between 1892 and 1896.[1] The educated Africans, by acting as middlemen or direct employees of the European firms in the interior markets, shared in the newly-created wealth.

Meanwhile the days of the Royal Niger Company were clearly numbered, for by 1895 its administration contrasted feebly with that of Lagos or the Niger Coast Protectorate. Furthermore, Sir John Kirk's report on the Brass disturbances had exposed the monopolistic activities of the company. The Company's worst sin however, had been its failure to meet the challenge from the French. The French having defeated Dahomey in 1894 began to move into Borgou on the Company's frontier, with the object of securing Bussa and thereby gaining access to the navigable Niger, whence they could move into the Sokoto Caliphate. Goldie attempted to forestall the French by hiring Frederick Lugard (then a captain) to make treaties in Borgou.

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1. "Nigeria: The Colonial Experience From 1880-1914" J.E. Flint Quoted in Gann and Duignan, (1978) <u>Colonial Rule in Africa</u>, Vol. 1, p. 240.

The French on their part refused to recognise these treaties and quickly occupied many Borgouan towns. This apparent failure of the Company to face up to the French challenge led Chamberlain to appoint Lugard in 1897 for the sole purpose of organising an imperial army of African soldiers (the West African Frontier Force) from the existing Royal Niger Company and the Niger Coast Constabulary. The creation of this force meant that a new situation had developed. British tax payers were to protect the interests of a charter company. In this circumstance the company lost its raison d'etre- And with the signing of the Anglo-French Convention of 1898 which settled the boundaries of Western and Northern Nigeria, all that remained was to compensate the company and to take over administration of the territory.

Before we can continue with our analysis, we need to briefly assess the role played by the Royal Niger Company as an imperial agent.

The use of the Royal Niger Company in the earliest administratton of Nigeria was an ingenious device. The company was successful both as an imperial agent and as a trading company. It proved very successful -in checking the raid for slaves in its territory. It had established a fairly large fleet of ships on a regular schedule between Great Britain, the West Coast and the Niger. It was successful not only in developing trade along the Niger and Benue river hinterlands, but also in maintaining order and protecting missionaries. Thus, before 1900, the role of the Royal Niger Company satisfied the limited objective of British Colonial Policy in Nigeria - the acquisition of territory for the sole purpose of trading. Then the company was used as a surrogate or representative of the British government in those areas that it traded with. With all the appurtenances of a government, including the maintenance and use of an army, it thus prepared the way for the construction and institutionalisation of a colonial state.

Coming back now to the situation in Northern Nigeria, Lugard had not expected that the effective establishment of British hegemony in Northern Nigeria could be accomplished without bloody incidents and strong opposition. The Selbourne Report of 1898 had shown that Sir George Goldie had warned the Niger Committee that the Sultan of Sokoto would not voluntarily receive a British Resident at his court and that it was useless to send one, even under strong guard, unless the Fulani power was first crushed. But despite such a warning, Lugard had half expected to be able to accomplish his task without encountering widespread armed resistance. Instead, he found deep-seated opposition which frequently called for the use of troops. The effective establishment of the new state therefore required military operations to remove difficult emirs and replace them with new emirs who would be more friendly to the British. The stationing of a garrison of troops at each important provincial center to protect the Resident of the province and discourage the deposed emir from seeking to disturb the new state was also necessary.

Thus, although Ilorin had been occupied in 1900 without any fighting, the security position had been

precarious in that the Emir had had to maintain his position by heavy reliance on the British Resident and his garrison. Similarly, in 1901 the extension of the area under British hegemony necessitated operations against Yola, whose emir was "possessed with a religious fanaticism which rendered him extremely intolerant of European infidels".[1]
He was also hostile to British traders and engaged together with the Emir of Bauchi, in extensive slave raiding. After a brief fighting he was deposed and fled.

In 1902, the bloody process of extending British hegemony inland was carried further. This time it was the turn of the Emir of Bauchi, who however, fled without any resistance, leaving Lugard to pronounce him deposed and to appoint a successor. Similarly, the Emir of Abuja rose in defiance against Lugard's directives and in the ensuing fight the emir was killed and Lugard replaced him. At Keffi, a British political officer, Captain Moloney, and two soldiers were killed by the Magaji.

The Magaji and his followers fled to Kano where the Emir gave them a hero's welcome. In Zaria, the Emir had initially been friendly to Lugard, but by 1902 he had changed his position and collaborated with the Emir of Kano against the British, obstructing the resident at every turn. Lugard's attempt to "pacify" him by suspending him for a while failed to produce results and he too was deposed.

1. Quoted in Bade Onimode, (1982) Imperialism and Underdevelopment in Nigeria, London Zed. Press p.34.

Lugard realised that until Kano and Sokoto were seen to have been defeated and brought under control, all the Moslem areas of the protectorate would remain restive and turbulent. Thus, in 1902/3 Lugard moved against Kano after which he defeated Gwandu and Sokoto respectively.

In Igbo heartland of the South-East, armed interventioned started in 1901. The Aro, the main group of African merchants in the area were considered by the British merchants to form a monopolistic element that continued to obstruct the trade routes to the interior and for engaging in slave trading. At the end of 1901, an expedition of nearly a thousand men was sent to crush them. It succeeded in its main purpose - infact, it destroyed the Aro Chukwu oracle, hanged its priests, and occupied Igboland. The British soon discovered that the peasant producers in the villages resented the intrusion of the British into their affairs. The British were not welcomed everywhere they went and it took more force than was used in any other area to make them accept the British as their new rulers.

From the above, one can justifiably point to the history of British colonisation of Nigeria to support the theory attributed to J.S. Furnival that in history, the flag follows trade and not vice-versa, in contradiction of a once popular theory by Charles Davenant that in history trade follows the flag.[1] Davenant's theory, which dates to the 18th

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1. See Furnival, J.S. (1948) Colonial Policy and Practice. Cambridge University Press, 1948, See also Whitworth, Charles (ed.) The Political and Commercial Works of Charles D'Avenant (London, 1771). Vol. V.

century was welcomed by the mercatilists as a butress for their demand for British territorial expansion, whereas Furnival's 20th century theory tends to support decolonisation and free trade. Without taking sides in the argument we can see with Davenant that the presence of a strong British Navy visible on the high-seas was a symbol of British strength and readiness to come to the aid of merchant ships and therefore encouraged bold adventures by mercantalist entrepreneurs. Mercantalists are also right in saying that the prestige and the strong power of the state in acquiring territories had an influence in expanding British trade. But it is equally true to say that in almost every case trade is the forerunner of colonial expansion. A comprehensive study of relationships between colonisation, trade and private investments shows traders and investors as instruments of imperialistic expansion both for national and private interests. Private interests tended to be ineffective when national interests were absent.[1]

The story of British annexation of Nigeria is a clear example of mutuality of interests and motivations in colonial expansion. In an address which the President of the Royal Niger Company, Sir George Goldie, delivered to the shareholders of the company in July 1896, he clearly showed that the Company was aware of its role as an imperial agent and of the limits of its mission. He told them that:

> the true work of the company for the last ten years has been to establish a state of things which will offer sufficient security for the creation of a vast commerce with,

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1. Stanley, Eugene, (1935) War and Private Investor: A Study in International Politics, New York: Doubleday.

> and the much needed communication, in the rich regions of the Soudan, When that work is completed the time will have arrived for the absorption of the company in the imperial government, a process which was contemplated when we first applied for the Charter.[1]

Following the Anglo-French convention, the British parliament revoked the charter of the Royal Niger Company as of January, 1,1900. And on that very day, F.D. Lugard as the High Commissioner for Northern Nigeria, inaugurated direct colonial administration.

4.3. THE CONSTRUCTION AND INSTITUTIONALISATION OF THE COLONIAL STATE.

Indirect rule is an administrative system in which an alien power recognises, preserves and uses the administrative machinery of a territory in governing its inhabitants. It is perhaps the most outstanding policy of British colonial administration in Nigeria. The philosophical rationale for indirect rule as an official policy was supplied by Lord Lugard's "dual mandate" theory (a 20th century variant of Kipling's idea of the "white man's burden") which held that British imperialists considered themselves duty-bound to see that the government of subject native peoples and the development of the natural resources of their territories, were directed to the best interest of those peoples, and

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1. Royal Niger Company, Report of Proceedings, July 1896, Cited by Sir Charles Orr(1965) The Making of Northern Nigeria, London: Frank Cass.

to see that in this process those natural resources were not denied the world.[1] It was on this pretext of a mutuality of interests that Western European nations laid claim to the right to exploit the social and economic resources of Africa with a consequent obligation of helping the African people to advance their level of civilisation. The dual mandate theory reflected the League of Nations' ideal of trusteeship, according to which the more developed peoples of the world were to govern the less advanced ones as 'a sacred trust of civilization' until such a time as the latter would be adjudged fit to govern themselves.

According to Lord Lugard, the concept of a 'dual mandate' was fundamental to the development of indirect rule in Africa. Lugard feared that one aspect of the dual mandate would prove a stronger force than the feeling of an obligation to rebuild and modernise the African society which would be destroyed in the process of exploitation. Therefore, he advanced the indirect rule doctrine which in his opinion could accomplish the dual role of European penetration into Africa and the development of Africa. He admonished European penetration into Africa. He admonished European imperialists in these words:

> Let it be admitted at the outset that European brains, capital, and energy have not been, and never will be expended on developing the resources

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1. Mowat, C.L. (ed.) 1960 <u>The New Cambridge Modern History</u>, Vol. XII (1893-1945) p. 396.

> of Africa for the mutual benefit of her industrial classes, and of the natives in their progress to a higher plane; that the benefit can be made reciprocal and that it is the aim and desire of civilised administration to fulfil this dual mandate.[1]

As a system of administration, indirect rule is an ancient imperial expendiency. In Nigeria it was systematically applied and elevated from an expediency to an imperial policy. According to Lord Hailey, it passed through three stages: first as a useful administrative device, then that of political doctrine and finally that of a religious dogma.[2] In other words, indirect rule became so successful as an administrative improvisation that it acquired a right of place as a distinct administrative policy and finally its principles began to be strictly observed as sacrosant.

In spite of the distinctive nature of its application in Nigeria, some respected imperial officials have doubted whether the British could be credited with originality of initiating indirect rule as a policy. Sir Richard Palmer, (Lieutenant Governor of Northern Nigeria from 1925 to 1930) alluded that "it was the normal system of the Byzantine Emperors in North Africa", but he conceded that "it was not of one universal pattern".[3]

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1. Lugard, F.D. (1922) The Dual Mandate in British Tropical Africa, London p. 617.

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2. Lord Hailey (1929) "Some problems Dealt with in an African Survey" in International Affairs, (March/April), p. 202.

3. Palmer, Richard, (1934) "Some Tendencies of African Colonial Government", African Society Journal, XXXIII, p. 38.

Although the British did not originate a completely new idea, they gave added emphasis to a long accepted principle of ruling subject people - the employment of previous rulers, traditions, and customs as a bridge to introduce a new system, and only in so far as they serve the interests of the new ruling classes.

It is also important to generalise that whether one believes that indirect rule was inspired by the dual mandate, or that it grew out of an improvisation or that it was part of a consciously devised general administrative policy, one should see its application in Nigeria as unique. This view is strongly supported by many authorities on this subject, including a perceptive British anthropologist, Professor Lucy Mair, who after surveying colonial policies in Africa, concluded that "for an understanding of the indirect rule policy in all its implications, no area is more instructive than Nigeria, its original home".[1]

THE STRUCTURE OF THE COLONIAL STATE

In his famous speech to the Sultan of Sokoto and his chiefs after its fall in 1903, Lugard spelled out some of the fundamental bases of British rule in Nigeria and the essence of British policy with regard to Fulani rule in Northern Nigeria. He recounted that:

> .....The Fulani in old times under Dan Fodio conquered this country. They took the right to rule over it, to levy taxes, to depose kings and to create kings. They in turn have by defeat lost their rule which has come into the hands of the British. All these

1. Mair, Lucy (1936) Native Policies in Africa, London, p. 118.

> things which I have said the Fulani by conquest took the right to do now pass to the British. Every Sultan and Emir and the principal officers of the state will be appointed by the High Commissioner throughout all this country. The High Commissioner will be guided by the usual laws of succession and the wishes of the people and chiefs, but will set them aside if he desires for good cause to do so. The Emirs and Chiefs who are appointed will rule over the people as of old time and take such taxes as are approved by the High Commissioner, but they will obey the laws of the Government and will act in accordance with the advice of the Resident.[1]

In this speech, Lugard made it clear that the 'Emir/Chief' continued to be the unquestioned ruler of his people while soverignty lay unquestionably with the British government. All the Emirs and Chiefs who lost their power by defeat as well as those who acceded to British authority by consent and not as a result of conquest were made to sign protection treaties and were delegated authority and powers not by right but by the imperial government. In connection with this complete British hegemony, Lugard emphasised that British sovereignty involved the ultimate title to all land, the right to appoint Emirs, and all officers of state, the right to legislate and to taxation.[2]

As he installed each Emir, he told them that whatever right they had won by conquest, they lost the same by defeat. Not surprisingly, in almost every case, they accepted Lugard's theory as "an obvious truism". After the initial

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1. Lugard F.D. (1904) "The Speech at Sokoto", Colonial Annual Reports, Northern Nigeria, See also Kirk Greene, A.H.M., The Principle of Native Administration in Nigeria.

2. Ibid., p. 25.

resentment, they were delighted that the government was willing to still maintain them as vassal rulers Lugard said that even though the Fulani were not of the same race as their subjects,

> the future of this virile protectorate lies largely in the regeneration of the Fulani. Their ceremonial, their coloured skin, their mode of life and habits of thought appeal more to the native population than the prosaic business - like habits of the Anglo-Saxon can ever do. Nor do we have the means at present to administer so vast a country.[1]

Lugard concluded that it was out of necessity that the capable rule of the Fulani needed to be regenerated and it was the intention of his government to make them worthy instruments of rule by moulding them to the ideas of justice and mercy, and by supervising their administration.

In order to understand fully the concept of Indirect Rule as applied in Nigeria, we need to make a brief comparison with the French conception and practice in Africa. Unlike the French, the British sought to preserve the indigenous political institutions of authority. At least in theory, the role of the British officer was only advisory. The British assumed the soverign right to rule but then delegated it back to the conquered rulers as a trust. In the French system the rule of the Chief was in both theory and practice subordinate to the role of the political officer. Michael Crowder notes that:

> The (French) Chief did not head a local government unit, nor did the area which he administered on behalf of the government necessarily correspond to a pre-colonial unit... Most of all, Chiefs were not

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1. Lugard, F.D. (1904) "The Speech at Sokoto, page 25 - 26

> necessarily those who would have been selected according to customary precedures; more often than not they were those who had shown loyalty to the French or had obtained some education. While the British were scrupulous in their respect for traditional methods of selection of chiefs, the French, conceiving of them as agents of the administration, were more concerned with their potential efficiency than their legitimacy.[1]

It is remarkable that whereas the French had a marked bias for those who had some education the British had a marked bias against "rule by those British-educated and politically-minded (African) progressives." Lugard wrote that:

> It is the cardinal principle of British colonial policy that the interest of a large population shall not be subject to the will either of a small European class or a small minority of educated and Europeanised natives who have nothing in common with them, and whose interests are often opposed to theirs.[2]

Unlike the British and like all other colonial powers, modern and ancient, the French used indigenous native rulers in situations that advanced their objectives, not because the institution was part of a general public policy. The British took care to appoint new Emirs to vacant thrones from the recognised ruling families in order to make them acceptable to the people and also to a lesser extent in practice, British policy on the issue of appointment and succession of office was clear and remarkably different from the French policy.

However, a uniformity emerged in the application of French policy of indirect rule because before 1958 all

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1. Crowder, Michael, (1970) "Indirect Rule-French and British Styles" in African Politics by Irving Markovitz, N.Y. Free Press, 1970, p. 29.

2. Lugard, F.D., Report on the Amalg[illegible]ion of Southern and Northern Nigeria, 1912-1919 cmd., Para. 40

French overseas territories were uniformly administered as an integral part of France in pursuance of the French assimilationist policy. On the other hand, the individualist approach which Britain used in the administration of her overseas territories, or even in different regions of the same territory, resulted in the lack of uniformity in the application of indirect rule as a policy and in a disparity in rates of development in British territories.

The major difference between British use of traditional rulers in local administration in Nigeria and her use of the same elsewhere lies in the philosophical rationale advanced to support their use and the manner in which these authorities used the relationship between the native ruler and alien political officer. The system of administrations was described as "indirect" because the real power behind the administration is not indigenous but alien. For the system to be effective, there must be a high degree of cooperation between the alien power and the traditional authority. In the Lugardian conception, the authority of the chief is paramount. He is not a substitute for a colonial master. He is the unquestioned boss of his own people, not a mere agent of a colonial power. He is only appointed by the imperial power after he had been duly selected and qualified, and therefore is not removable by it except where the chief failed to carry out his oath of allegiance or misused his traditional powers.

Lugard said that the most fundamental objective of indirect rule was "to make each Emir or paramount chief, assisted by his judicial council, an effective ruler over his own people". The chief presided over a Native Authority a unit of local government, and was assisted by headmen who collected taxes in his name. According to Lugard, the authority which the Emir exercised over his own people was "personal and absolute and the profession of an alien creed does not absolve a native from the obligation to obey his orders."[1]

Finally, British political officers, the Residents and their District Officers acted as advisors and counsellors to the Emir. On matters of general policy, the latter strictly followed the advice of the former but issued his orders and instructions to his own people as if they originated from him. The Resident maintained a delicate balance by issuing orders indirectly and being careful not to interfere in the way they were carried out for fear he might "lower his prestige, or cause him to lose interest in his work."[2] Lugard insisted that the native chiefs constituted an integral part of the machinery of the colonial state, asserting that:

> there are not two sets of rulers - British and the native - working either separately or in cooperation, but a single government in which the native chiefs' well defined duties and acknowledged status equal with British officials. Their duties should never conflict, and should overlap as little as possible. They should be complementary to each other, and the chief himself must understand that he has no right to place and power unless he renders his proper services to the state.[3]

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1. Lugard, The Dual Mandate, pp. 200; 202.

2. Lugard, F.D. The Dual Mandate, p. 201.

3. Ibid., p. 203; Also C.O. 583/183, File 1432, (1932).

Indirect rule was most successful where strong bases for administrative and judicial systems and a hierarchy of traditional rulers existed. This was the case in most of Northern Nigeria where the Emirate system constituted a confederation with all the makings of an organised administrative system. There were Moslem courts of laws and judges and a system of direct taxation. Each Emir was in direct control of an emirate which later became not only a religious unit but a political entity as a result of British support of the pre-existing system.

A similar situation existed in Western Nigeria where powerful hereditary rulers (Obas) ruled their people in conjunction with native councils. Of the Yoruba political system P.C. Lloyd says:

> There has always been a delicate balance of power between the chiefs who make.... policy and the Oba whose sacred status commands such authority and will ensure obedience. If the Oba misused his powers, he might be deposed by his chiefs who would 'ask him to die'.[1]

A different situation existed in the South East where people lived in groups of small communities comparably isolated from each other, and were ruled by family elders, age-grades, secret societies, and men who had achieved success in different walks of life. Among the Igbo, the dominant ethnic group in Eastern Nigeria,

> leadership in society was not merely a matter of seniority but was dependent on an elder's knowledge of village and compound history and affairs, wealth, demonstrated capacity as a leader, ability to speak clearly, persuasively and without offending others and interest in local matters.[2]

1. Lloyd, P.C. (1964) Yoruba Land Law, London: Oxford University Press, p. 46.
2. Calston, K.S. (1968) Social Theory and African Tribal Organisation,

There were village chiefs who summoned village councils and often presided at the meetings of the village groups, but their powers were limited. The functions of these village heads had to be increased if they were to be useful to the British. British officials did not at first understand this system and they looked for "Chiefs" as in Northern or Western Nigeria, to act as intermediaries or power brokers. The local people were fearful and suspicious of the white man and did not reveal their leaders. Instaed they put forward criminals or people of no special consequence to go and see what this was all about.[1]

The British not knowing the real status of these people, gave them a "warrant" as a symbol of their new authority. They received executive and judicial authority just like their counterparts in Western and Northern parts of the country.

The system of Indirect Rule or Native Authority took off late in the East because of the difficulty of integrating it with the existing authority system in the area. First it had to be tagged along the Native Court system which had earlier been introduced in all parts of Nigeria. G.I. Jones described its introduction and operation in Eastern Nigeria thus:

> .... the British colonial government, as it gradually brought Eastern Nigeria under control, was faced with the problem of providing a more centralised administration in place of these small city - states. It did so by grouping them into Native Court areas which in many cases were clan areas.

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1. Afigbo, A.E. (1972) The Warrant Chiefs ...ct Rule in South Eastern Nigeria 1891-1929, Lon... ...gman.

> These native courts were used as all - purpose local administration machines. Each local community put forward a chief who was recognised by the government and given a staff and warrant to sit and try cases in the Native Court. The warrant chiefs were expected to carry out the order of the government in their villages and orders were usually sent to them through the clerk of the Native Court.[1]

In order to elevate indirect rule to the status of an administrative system or ideological construct and give it legitimacy, the British issued the following decrees or proclamations:[2]

Firstly, the Native Courts Proclamation passed in 1900 set up a hierarchical or graded native court system. The grades A,B,C, and D accorded each court its hierarchy and power. The grade A courts were the highest. One was located at the headquarters of each emirate and was presided over by the Emir's Chief legal officer - the Alkali. Although the proclamation did not originate the courts, it standardized and formalized them. While it recognised "native" or Muslim law, it modified or forbade some Muslim practices such as mutilation of limbs which the High Commissioner judged to be 'cruel or barbaric'. All death penalties were subject to the Commissioner's approval. A hierarchy of British political officers supervised and advised the courts to ensure an effective and orderly court system.

Secondly, the Native Revenue Proclamation No. 4 of 1904 - formalised the direct taxation of the people.

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1. Quoted in Akpan, E.E, (1972) Principles and Practice of Local Government in Eastern Nig. ia, Enugu: p. 171.
2. Ikime, Obaro (1970) "The Establishment of Indirect Rule in Northern Nigeria", Tarikh, Vol. 3, No. 3, pp 1-15

Another Native Revenue Proclamation No. 2 of 1906 strengthened the 1904 proclamation by defining the fiscal relationship between the Native Authority and the Central Administration. By these proclamations the British imposed direct taxation on all adult males. Instead of the series of taxes which the different levels of Native Authority imposed and collected, there was to be one single consolidated tax. More would be said about this later in chapter 5.

Thirdly, the Native Authority Proclamation of 1907 formalised and gave legal recognition to the existing levels of authority - from the Emirs and their district chiefs to the village chieftains. The powers and responsibilities of the Native Authorities were defined. The Native Authorities were allowed to maintain their own police forces and prisons. The functions of each emirate were to be supervised by the Resident, while those of the districts or divisions within the emirate were to be supervised by a District Officer. The British officers and the Native Authority heads engaged in constant consultation and conference on matters of general policy.[1]

The system of indirect rule introduced by the British was alien to the people in the Eastern Provinces of Nigeria because they did not in the past have chiefs with complete administrative and judicial powers over vast areas nor a council of chiefs with such powers. Therefore, the different proclamations which institutionalised indirect rule, though

1. Tomlinson, F.J. (1928) "The Native Administration of Nigeria", Elder Dempster Magazine, Vol. 7, p. 63.

they applied to all parts of Nigeria, were in effect fu
operational in the Northern Provinces, partially in the Western provinces and not at all in the Eastern provinces.

No major reassessment was made on the rationality and development of the policy of indirect rule until the early 1930's when Sir Donald Cameron was the Governor of Nigeria (1931 - 34). Although Sir Hugh Clifford's effort between 1919 - 1925 were directed at making the colonial state created by Lugard more central in the Nigerian political economy, he failed to change Lugard's entrenched descentralising administrative instruments in the three regions of the country.

Sir Graeme Thompson's governorship (1925-31) saw the extension of direct taxation to the Southern Provinces not taxed by previous administrations, which resulted in the Aba riot of 1929.[1] But much more important than the singular event was the steady improvement of the country's financial situation during this period. The effect of such financial buoyancy was to bring the government up against the crucial question of who should plan and direct the country's material development - the central department or the native administrations? It was disagreement over this question, and over what constituted 'decentralisation' that principally caused the almost total breakdown which took place during this governorship in North - South administrative relations.

Thompson realised the dialectic of the situation he

1. See Jeremy White (1981) Central 'ministration in Nigeria 1914-48, Irish Academic ess, pp. 132-156

found himself in Nigeria. He therefore resolved to decentralise as much executive power as possible to Lieutenant Governors, Residents, and local departmental representatives on the one hand, and on the other, to complete the work of his predecessor of unifying all the Departments under single heads.

Thompson, like both Clifford before him and Cameron after him, was genuinely preoccupied with the problem of creating a strong centralised state structure. And in the task of centralising more of the departments under a single head, he was successful. Clifford had earlier centralised the Agricultural Departments. Thompson amalgamated the Lands, Police and Education Departments though not without considerable opposition from the Lieutenant - Governor of Northern Nigeria, Palmer, in the case of the police. By the end of 1930, except for the prisons, no major Departments remained uncentralised.

Cameron criticised the way the Native Authority system developed under his predecessors. He claimed that:

> In some measure we have departed from the intentions and principles of Lord Lugard in dr[illegible] ing into the habit of mind that a 'feudal mona[illegible] of this (Northern Nigeria) kind... is the be all of Indirect Administration... It is the avowed intention of the government that the natives should not stay put.[1]

Cameron had a more progressive view of colonial administration than his predecessors. He saw the indirect rule system as a prelude to local government - a means

1. Sir Donald Cameron (1934) The [illegible]inciples of Native Adminsitration and their Appl[illegible]ion, Lagos: Government Printer, p. 7, 331.

to an end, whereas his predecessors saw indirect rule as synonymous with local government and therefore, an end i itself. Thus, in 1933, Cameron introduced a new Local Government Ordinance which recognised four classes of chiefs: sole chiefs in council, chiefs and councils or chiefs associated with councils, councils and groups of persons. The councils were based on the pre-colonial political cultures/structures of the people which were revealed in official investigations. Where it was discovered that there was no official organisation above the village, the Governor instructed that Native Authorities be organised at the village level. Ursula Hicks has claimed that implementing the new policy involved the government in the creation of Native Authorities, "whose jurisdiction were too small and their finances too meagre to be able to play an effective part in local government organisation and development."[1] One of such areas most affected by the new Ordinance was Owerri Province which emerged with 245 Native Authorities.[2]

Finally, in 1943, a new Local Government Ordinance was passed to augment the 1933 Ordinance. It authorized Native Authorities to establish their police forces and prisons. It provided that for the Native Authority to be recognised by the government, it must be acceptable to the people-thus, paving the way for representative local government. The system of indirect rule was gradually phased

1. Hicks, Ursula (1961) Development From Below, Clarendon: Oxford University Press, p. 105.

2. Ibid., p. 105.

out and replaced by representative local government introduced by the Eastern Region of Nigeria - Local Government Ordinance No. 16 of 1950, the Lagos Local Government Ordinance, No. 17 of 1950, the Western Region of Nigeria Local Government Ordinance No. 1 of 1952, and the Northern Region of Nigeria Local Government Ordinance No. 4 of 1954.

The Local Government Ordinance that came into force in the Eastern and Western Regions in 1950 and 1952 respectively, were an adaptation of the existing British Local Government system. Both introduced the three tier system of local government consisting of the County, the District and the Local Councils in the Eastern Region, and the Division, the District and the Local Council in the Western Region. The scope of functions, powers, boundaries or areas of authority of each Council was carefully spelt out. For the first time in history, all the local governments in the whole of Southern Nigeria, including Lagos, became democratic.

Unlike the South, the North was not in a hurry to democratise its system of local government. While a provision was made for traditional, nominated and elected members of Native Authority Councils, traditional members continued to dominate the system. However, the Reform Ordinance laid down standard council procedures to be followed by all Native Authorities and established subordinate councils whose elected members were delegated powers to run local services and collect revenue. In addition, provision was made for the establishment of Outer

Councils each serving as a representative body of the community to advise the Native Authority Councils that did not have elected members.

4.4. CONCLUSION

Before the end of World War I, Britain, through the Royal Niger Company, its consuls and then the protectorates, imposed its authority and created the colonial state in Nigeria. Britain achieved this enormous task through a combination of diplomacy, political and commercial tactics and force of arms, it was the latter weapon that was decisive. Throughout the period, the ability of the British colonialist to call on the services of the navy or to mount military attacks lay behind all other methods of enforcing its hegemony

The second phase in the development of the Nigerian colonial state, during the inter-war period was a period of consolidation. The initial crises of hegemony and revenue had been overcome. Through the entrenchment of the Indirect Rule system throughout the country, the colonial state was digging itself in for the longué durée. As we have seen, on its Post-War agenda were such matters as perfection of its institutions (Native Authorities) rationalisation of it hegemonic construct and professionalisation of its cadre of officials.

In the 1920s and 1930s, the age of constant application of brute force was by and large no longer necessary. A routinisation of hegemony had thus occurred. The pattern of domination gained the tacit acceptance bred by familiarity, and the absence of an apparent alternative. It was a time, as Berque expressed it for the Mahgreb when: "colonisation dominated everything: only a few bold spirits at that time defied it, only a few pioneers realised its fragility".[1]

Such a situation and such claims were soon to be swept into the 'dustbin of history' by the anti-colonial struggles and the nationalists demands for self-determination and self-rule immediately following World War II. This is the subject matter of chapter 6. Meanwhile let us turn to chapter 5 and examine the process by which the colonial state and merchant capital laid the foundation of peripheral capitalist agriculture in Kano Province as an example of the destructive/ regenerative nexus in the accumulative process in Nigeria.

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1. Berque, Jacques (1962) French North Africa: The Mahgreb Between Two World Wars, N.Y. Frederick, A. Praeger.

CHAPTER V

THE COLONIAL STATE, CAPITALIST AGRICULTURE AND PRIMITIVE ACCUMULATION IN KANO PROVINCE

5.1. INTRODUCTION

The problem faced by all modern regimes-pre-colonial, colonial and post-colonial was how to extract from a largely agricultural population a reliable income sufficient to support the state's expenditure needs. The colonial state in Nigeria was able (through short-cut measures which we shall discuss below) to raise revenue for its expenditure. One of the areas of the country in which this was effectively done was in the Kano province - the richest emirate in Northern Nigeria.

We have seen, in Chapter 2, the various reasons responsible for imperialism/colonialism in general and the form it took in Nigeria in particular. When we turn our attention to Kano, we see that there were several contradictions which helped easy access of foreign capital to penetrate and finally to the overthrow of the Fulani ruling class. The masu sarauta's control of the emirates inhibited the development of European capitalist control over its resources and the development of capitalism itself. There were three reasons for this. First, the masu sarauta carved up the emirates amongst themselves into official fiefs and estates but owing to the prevailing land tenure system they did not, as in classical feudalism, own such lands as personal and private property. Secondly, a great proportion of their wealth was derived from official regulations and taxation of cottage-based peasant production, commerce and other state dues like fines, et cetera, and not soley from estates which were cultivated by slaves and peasant corvee labour. Thirdly, the extensive development of commerce led to the entrenchment of an increasingly powerful class of internal and external merchants. Internal merchants tended, increasingly, to become owners of estates and livestock as well as operates as money lenders. However, the predominance of capitalist trading companies articulating with the commerce of the region tended to lead to the subordination of the merchants involved in external commerce chiefly through the supply of commodities and currencies as well as credits.

In this chapter, we are concerned with peasantisation, a social process, which, for the purpose of this study, will be defined as "the widening and depersonalisation of market relations consequent to the introduction of a pervasive cash economy and a colonial state."[1] Peasantisation is a phenomenon that had been going on for a long time in Hausaland and was being accelerated in the latter part of the 19th century. We shall show that the process was intensified by capitalist penetration into the country-side and that the colonial state played a dominant role by legislating laws and creating a conducive environment which facilitated this process. Capital was coeval with colonial rule.

Generally speaking, the pre-colonial economies were self-sufficient in many ways. Production was largely for

1. Cohen, Robin "From Peasants to Workers in Africa' in Gutkind, Peter and Wallerstein, Immanuel (eds) <u>The Political Economy of Africa</u>, p. 56

local consumption, and exchange of goods was intended to supplement this. Therefore exchange was peripheral. Division of labour was restricted to the gandu unit and basically followed the criteria of age and sex. Colonial rule which heralded the intensification of capital penetration changed this situation. Local economies were disarticulated and simultaneously articulated under imperialist hegemony. Taxes, penetration of market forces, coercion, and the like were intended to fulfil this task. The peasant household was brought under greater control of capital and made increasingly dependent on it for reproduction of the household. We will note that while capital sought to extract the surplus labour of the colonial peasantry and workers in Kano, it did not enter into the actual labour process. This then brought about the formal subsumption of labour power by capital, by which event capital established its control by accepting the existing process of production.[1] The colonial state had a big role to play in this situation. For, as Rosa Luxemburg had written:

> .....capital in its struggle against societies with a natural economy pursues the following ends:
>
> (1) To gain immediate possession of important sources of productive forces such as land, ... minerals etc;
>
> (2) To 'liberate' labour power and to coerce it into service;
>
> (3) To introduce a commodity economy;
>
> (4) To separate trade and agriculture;

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1. See for example, Meillassoux, Claude (1974) Development or Exploitation: Is the Sahel Famine Good Business? in The Review of African Political Economy No. 1 27-33 Bernstein, H. (1976) Underdevelopment and the Law of Value: A critique of Kay' The Review of African Political Economy No. 6, 51-64

> Each colonial expansion is accompanied, as a matter of course, by a relentless battle of capital against the social and economic ties of the Africans who are focibly robbed of their means of production and labour power.[1]

To facilitate this process, the colonial govenment did not lose sight of fact that the general aim of its policy was to weaken the grip of the ruling class on the peasantry and this was done by a spate of 'reorganisations' in the political and judicial realms. Political 'reorganisation' created a dependent political culture styled 'indirect rule' while judicial 'reorganisation' created courts and other security apparatus which helped in maintaining colonial state hegemony (law and order) for the purposes of maximising the exploitation of the Talakawa (common people).

The British colonial administration in Kano, through the methods of 'indirect rule' did not encroach upon essential socio-economic and political institutions as well as conditions of rule and exploitation, but attempted to realise the infiltration and subjection of Kano to British rule after 1903. The system of indirect rule elaborated by Lugard and outlined in chapter 4 was bogus. Lugard, from 1900 to 1907 when he was the High Commissioner for Northern Nigeria, entrenched 'indirect rule' by signing a large number of bills into law, among them, the Native Courts Proclamation (1900), the Native Revenue Proclamation (1904), the Land Revenue Proclamation (1904) and the Native Authority Proclamation (1907).[2]

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1. Luxemburg, Rosa (1964) The Accumulation of Capital, Monthly Reveniew Press N.Y. pp. 369-71.

2. See Lugard, Lord Annual Reports of Northern Nigeria, 1900-1911, Passim.

We will examine each of these to see the role they played in the lives of the people of Kano. We will see that the emirates were semi-autonomous units in which the emirs continued to use their own administrative machinery, like courts and other paraphenalia of office from the pre-colonial days to exercise authority over his people. This meant, of course, that the old system of taxation and other oppressive measures remained in existence and were extended in the interest of the British who were taking a share of the proceeds. The former taxation and traditional work done by the individual village communities and dependents' were kept in existence so as to further enhance primitive accumulation.

We will see in this chapter that agrarian conditions in the villages of Kano Province, in spite of the penetration of cashcrop and increased market relations[1], remained at an extremely low level of production methods and this perpetuated the backward, pre-capitalist forms of economy and exploitation.[2] Land, labour and taxation policies will be examined within the context of the colonial economy and society, for,the essence of the peasant (and peasanthood) is not found in the peasant himself but in the society in which he resides. A specification of the historical period that society is part of, in this case the colonial capitalist period, gives us an accurate definition of the peasantry derived from a characterization of the development of productive forces. The Kano

1. See Hill, Polly (1970) Studies in Rural Capitalism in West Africa, Cambridge, London, pp. 146ff.

2. Abbashia, C.S. (1964) Traditional Land Surveys: Report on Parts of Zaria Province and Funtua Arsa of Katsina Province, Institute of Administration- ABU, Zaria, S. 5-73.

peasantry under colonial rule will be examined in this context.

5.2. LAND AND LAND TENURE

Kano Province was made up of nine emirates, namely, Daura, Gummel, Hadejia, Jama' are, Kano, Katagun, Katsina (which later became a province of its own), Kazaure and Missa. All these had been constituent parts of the Sokoto Caliphate. When the Sokoto caliphate fell in the years 1902 to 1903, the first thing Lugard, the High Commissioner, did, as we have seen in chapter 4, was to set the stage for the transformation of land tenure. In his famous speech on March 21 1903[1], Lugard told the people of Sokoto and their rulers that all those "things which... the Fulani by conquest took the right to do now pass to the British".[2] One of these 'things' was land, and he declared that the "government would in future, hold the rights in land... and if government requires land it would take it for any purpose." At that time, Lugard did not spell out the definition of those rights. It was left to the Northern Nigeria Lands Committee of 1908 to define them and it was their recommendations the Administration embodied in the Lands and Native Rights Proclamation of 1910. By this ordinance, Land was in fact nationalised, or confisticated.

1. Lugard, F.D. "Speech at Sokoto" was made six days after Sokoto fell, and it was before the Waziri and other Chiefs. See Annual Reports: Northern Nigeria 1900-1911. Annual Report 1902 No. 409 Appendix III, London pp. 163-5 in Kirk-Greene, A.H.M. (1965) (ed.) The Principles of Native Administration in Nigeria: Selected Documents, 1900-47 OUP. London, pp. 43-4.

2. Ibid.

The 'fundamental bases' of the law which was laid down by the committee, were as follows:

(1) That the whole of the land whether occupied or unoccupied is subject to the control of and disposition of the Governor, and

(2) that the control is to be exercised as far as possible in accordance with native law and custom.[1]

The committee was then of the view that there was "no room for the development of the conception of private property in land."[2] They also held the view that "by native custom grants of user of land were merely revocable licences to cultivate, subject to various payments,..." In other words, the peasants were mere licenses who were to have no property in the soil they tilled.[3] In addition no one could hold a valid title over a piece of land without the consent of the Governor. But all the inhabitants were declared temporary occupiers of the land they tilled, meaning that in effect there was no legal recognition of land usage which was not based on a colonial certificate of occupancy.[4] The enactment rested in the traditional

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1. Up to 1908, the time that a Land Committee was set up, Lugard was still toying with the idea of producing a landlord class in Northern Nigeria, with land being private owned. See Watts, Michael, (1980) Peasantry, Merthant Capital and International Firms: Colonial Capitalism in Northern Nigeria: The African Bourgeoisie: State and Entrepreneurial Classes in African Capitalism, a Joint Conference Paper sponsored by the Joint Committee on African Studies of the Social Science Research Council and U.S.A. Council of Learned Societies, Dakar, Senegal, Dec., 1980, p. 27.
2. Ibid.
3. Ibid.
4. Bello, Sule (1982) 'State and Economy in Kano, 1894-1960: A study in Colonial Domi[illegible]n' Unpublished Ph.D. Thesis ABU Zaria, p. 136.

rulers - "acting theoretically as delegates of government"[1] gave them powers of land administration and allocation. This was to fill the section where the governor was to control land in accordance with native laws and customs. In Kano the Native Authority of the Emir assisted by his judicial council exercised these powers.[2]

Land, before colonial rule was imposed in Kano, was becoming a marketable commodity, that is, land was acquiring a market value. This trend did not stop with the advent of colonialism. Early in 1901 the government decreed the emancipation of all slaves in Northern Nigeria. This had the effect, by 1903, of having a lot more people in search of land in the countryside. Also in the caliphal years, at the death of the masu gidaje, the gandaye were divided among the individuals instead of being willed to the next in line of succession, producing a thirst for land which was manifested in sales of land especially in the Kano close - settled zone and among the fadama lands, e.g. in Kura, South of Birnin-Kano In both these areas, land was highly commoditised. A Kano Resident observed that:

> ...land is so fully occupied that it has for years past acquired such a value and private ownership of land is therefore coming into being and must if the present course of events continues be eventually recognised as part of the customary law of the land...[3]

1. Lugard, Lord Political Memoranda .., p. 353

2. The Emir and his judicial council were the real centre of power in the Indirect Rule system.

3. Cited by Watts, Michael (1980) Peasantry, Merchant Capital and International Firms... p, 25.

Central to the confusion unfolding at the time, the land question being deliberated, was the:

> ...absence of any sharp distinction between private possession subject to custormary community rights characteristic of the caliphate peasant proprietor and the notion of private ownership or freehold of the European genre.[1]

The confusion, notwithstanding, 'nationalisation' of land was to serve another purpose as the Land Revenue Proclamation of 1904 was to be strengthened from land tax (kudin Kasa) to taki assessment in 1909-10 to lump sum assessment in the 1920's and after. The establishment of a system of taxation on land values was the whole basis of the enquiry into the land tenure system, as the opening words of the Governor's Memorandum on Land Tenure testify:

> It is essential before working out the eventual system upon which land revenue should be assessed and collected, to determine land tenure in Northern Nigeria, more particularly native tenure.[2]

Thus, the corollary of land and land tax was sanctioned and we shall see that this had direct and dire consequences for the well-being of the peasantry in Kano.

Land tenure can be defined as "... interrelationships between men in the use of land resources"[3] or further, as:

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1. Watts, Michael (1980) Peasantry, Merchant, Capital...p.25

2. Command Paper cd. 5103, p.4 Cited in Mc Phee, Alan (1971) The Economic Revolution in British West Africa, Frank Cass London, 1971 P. 178. Portrate.

3. Oluwasanmi, H.A. (1966) Agriculture and Nigerian Economic Development OUP, Ibadan, p. 23.

> ... the rights that people have in land, that is their legal privileges to use, cultivate, dispose of, and even exploit specified portions of the earth's surface. Tenure is therefore a social relationship between human beings and the land, it is reflected in a broad array of social regulation regarding the use of the soil.[1]

Land, therefore, as the primary means of production, and its distribution to and among the peasantry, are of crucial and central importance to any kind of agricultural production and, certainly, can be linked to the many ways in which agricultural production is organised. The violence done to the evolution of land tenure in Kano by the British produced several variations and characteristics which were designed to dispossess the peasants, artisans and pastoralists of the land. There were cases of outright expropriation of land for the use of mining and for the building of railways, roads and other public facilities. Added to this were the combined effects of taxation and the destruction and subjugation of cottage industries leading to the increasing pauperisation of the productive sectors of the peasant economy.

Since all rural inhabitants had been declared 'temporary' users, the chances for further expansion as a result of demographic adjustments were limited and the land was rapidly becoming an article evaluated in British pounds, shillings and pence, the result was that the peasantry was progressively being dispossessed of their land. The net effect of the colonial policy on land therefore was the increasing alienation of land as well as the marginalisation of the rural producers.

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1. Smith T.L. & Topf., P.E. (1970) Principles of Inductive Rural Sociology F.A. Davis & Co. Philadephia, p. 159.

By the 1950s the land question had so much deteriorated that a Regional (Northern Region) Committee was appointed to look into it and several other issues. On the death of Emir Absullahi Bayero, Alhaji Mahammadu Sanusi, his son took over as a 'populist Emir.[1] He then promised to see to it that land registration and reform in Kano were effected. In spite of his determination, land reforms proved the most intricate problem.[2] Also in this decade and that of the sixty's, the feudal and semi-feudal strata in the shape of a feudal patriarchal - oligarchic aristocracy in Kano, having lost many positions of both economic and political power over the years and having been developed, by the British, into "a sort of conveyor belt of colonial rule for the exploitation of the peasantry,"[3] were fast in expropriating peasant land for themselves and for their political allies. Often farms which had not been cultivated for, say, one or two years by their owners, were simply expropriated, then sold to others. This and other cases were a direct result of the penetration of the money economy into the country-side, chiefly through taxation. One case of abandonment was as a result of the peasant "being taxed at about double the correct rate while

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1. NAI/CSO (26) 12682/S.3. Annual Report for 1954 by A.T. Weatherhead Resident, Para., 2.

2. Ibid.

3. Buttner, Thea (1982) 'Changes in Africa Under Colonial Rules: Some Aspects of the Economic, Social and Political Position of the Aristocracy in Tropical Africa' Unpublished Seminar Paper in History Research at ABU, Vol. vii, 1982/83 Session.

his neighbour was correspondingly under-assessed."[1] Sometimes a peasant had more land than he could work, and since in terms of tax it would be a burden, he give it up.[2] In most of these cases of abandonment, chiefly because of inability to pay tax, the village heads would take over the land and declare the produce of these farms as their prerequisite.[3] This led to the village heads demanding from anyone who would wish to collect such produce a percentage of the produce. Inability to pay to claim the produce often led to the village heads selling the land to other individuals this poliferated in the 1950s and 1960s.

In the next section we will look at the question of labour and how it related to land and taxation (which will be consider immediately after). As we shall see, the organisation of land and labour was the main thrust of the colonial state as it supervised the initial and necessary penetration of the pre-capitalist formation in Kano.

5.3. LABOUR

For us to understand the basic character of colonialism we must look at its labour policies, laws and conditions.

A law was passed on March 31, 1901 making all transactions in slaves and all slave contracts void and illegal.[4] Lugard also "emphatically forbade, all slave raiding" but did not interfere with domestic slaves. Lugard felt that:

1. NAK/Kano prof. 1708 Vol. II Revenue Survey, See memo dated 7/12/1939 from Surveyor to District Officer, Kano Division.
2. NAK/Kano Prof. 1708 Vol. II Para. 7.
3. Ibid. Para. 8
4. Lugard, Lord, Political Memoranda.., pp. 217-8

> the eradication of slavery would dislocate the whole social framework... and result in pauperising and destroying the ruling classes, which it was the object of government to preserve and strenghten.[1]

Hence by 1906 when he wrote his Political Memoranda, the institution was still very much alive because in his scheme of 'indirect rule' he needed the emirate ruling class to rule.

Thus, it took quite a while for the institution of slavery to die off. This was replaced with forced and wage labour which together provided the clout which was needed by the colonial state to instal the infrastructure required for domination and appropriation. Wage labour, however, took longer for it to be institutionalised for it was not until the 1930s and 1940s that it was coming to its own.[2] Herein lay the contradiction between forced labour and wage labour. By abolishing slave raiding and transactions, Lugard had expressed the hope that Africans would see the advantage of paid, free labour which the British considered more profitable and better than slave labour. Also by paying for labour per day to demonstrate the profitability of wage labour to the African, the British looked forward to the slave owners ceasing to exist by pressure of circumstances.[3] However, the dissolution of slave labour was actually meant to release potential labour for the colonial system, replacing slave labour with peasant corvee labour, for, as Lugard wrote, "the single duty which the law imposes upon the people without remuneration is the maintenance of roads and waterways."[4]

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1. Annual Reports,.... for 1900, p. 93
2. Lugard, Lord Political Memoranda ... p. 221.
3. Ibid., pp. 224-5
4. Lugard, Lord, Political Memoranda, P. 190

We can now state - after having examined land tenure system and its effects - that the main economic task of the colonial state was to create a labour force in those sectors in which finance capital could be most profitably invested. The agricultural cash-crop sector starting with cotton in the first decades of the 20th century, and then groundnuts in the second was developed alongside other infrastructural projects which were to support it.

The establishment of peasant commodity production did not involve the direct separation of the producers from the means of production nor did it alter drastically the instruments and forms of the labour process. The construction of the railway, notably the Baro - Kano line, roads, public buildings, - prisons, residences, barracks and others - were then carried out by labour procured on a seasonal basis and the term 'political labour' was applied to this system of peasant corvee labour. It was therefore in contradiction to the conditions of a free labour market which Lugard had envisaged. 'Political labour' eliminated the possibility of the contract system which was employed in Southern Nigeria, so the workers were recruited by means of political coercion through their emirs - for specific periods after which they returned to their villages and their farms. Labourers did not stay for more than three or four weeks normally. A political officer wrote:

> With regard to whether the work is to be carried out by the chiefs or headmen, I would point out to you that the policy of this protectorate has always been to work through the chiefs or headmen and I see no reason for altering this

policy on the railway construction.[1]

The way it worked was as follows: the political officers would visit the emir with a request for labour and then stated the number required. The emir would pass this on to district and sub-district heads who would in turn pass it down to village heads and then to compound heads and finally to the household heads.[2] When the project was small, like the repairing of secondary seasonal road, the road work would be apportioned to the villages and hamlets- the road would be traversing "in accordance with the number of their adult males."[3]

Apart from railway construction and road maintenance, porterage was one other universal form of compulsory labour. Peasant compulsory labour had first been permitted by the Roads Proclamation of 1903.[4] For example, in 1907, 2,000 to 3,000 carriers were sent to Zungeru from Kano to collect Public Works Department materials while in 1908, the Native Administration sent 3,523 people to Zungeru, 104 of whom were to work on the Baro - Kano railway line.[5]
The statistics for 1912, for track-laying and completion

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1. Political Officer Arthur Covey was writing to a Resident Engineer on the Northern extension of the railway in February 1908, quoted by Oyemakinde, J.O. (1970) 'History of Indigenous Labour on the Nigerian Railway, 1895-194[illegible]. Unpublished University of Ibadan Ph.D. Thesis, pp. 52-[illegible].

2. Ibid. p. 55

3. NAK/Kano Prof. 5/1/274/1928.., See Memo dated 23/9/1929.

4. NAK SNP 7/2089/1907. Girouard to Colonial Office 21/6/1907

5. Bello, Sule 'State and Economy..., pp. 136-7.

of the bridging of the railway in Kano were even gloomier.[1]

TABLE 5.1 LABOUR ON THE RAILWAY CONSTRUCTION

Quarter Ending 1912	Average Number of Labourers
31 March	14,897
30 June	11,911
30 September	3,727
31 December	3,638

Source: Bello, S. State and Economy in Kano, 1894-1960: A study in Colonial Domination, Ph.D. Thesis ABU, Zaria, 1982 P. 137-138.

The supply was always greater than demand, because of the coercion involved. Active resistance to this type of labour was always there, although colonial sources are silent on this. Thus, 'political labour' was unpopular.

The conditions of work very harsh. Firstly, the pay was low, that is, when the peasants were paid at all. In the Public Works Department 'skilled' labour was paid 9d., while, 'local' labour was paid 6d per day. From February to June 1908, 292 labourers for Kano works were paid 6d a day, 104 at 9d, and 400 at 3d a day to clear the Geza stream.[2] When they would not be paid, a lump sum would be paid out per village on completion of the work.[3] Sometimes the hakim would come in to draw the money only to balance it out with their Jangali accounts.[4]

1. Bello, Sule 'State and Economy..., pp. 137-8, See also NAK Kanoprof. 180A, Details on Forced Labour.

2. NAK SNP 7/6415/1909 Kano Province Annual Report

3. NAK Kano Prof 5/1/274..., See memo dated 23/9/1929 from Resident to A.D.O.'s

4. Ibid.

Secondly, on the work sites themselves, harsh and unjust treatments were meted out to the labourers. In September 1909, Bishop Tugwell complained informally to the Acting High Commissioner, William Wallace, regarding mis-treatment of workers, especially at Baro. The crux of his letter was that the working conditions of the workers were "difficult to distinguish... from slavery."[1]
He stated that the men worked for nine or ten hours a day under unbearable conditions carrying heavy rails through deep mud without a break and that often they were beaten cruelly by their overseers. Those who escaped, were often sent back from the village "possibly after further beating".[2]
Instead of running away, some peasants offered to pay 'quattance' money, but the hakimai were reminded by the Resident in Kano that acceptance of this money should not be tolerated.[3]

The heavy burden of colonial taxation policies were weighing down on the peasantry so much that in the off-seasons more and more people were offering their labour for sale. The increasing development of colonial society by the 1930's led to the preponderance of people who had come to depend on wages for their livelihood and from then the proletarianisation of the peasantry was slowly coming into its own. Also by the 1930's and into the 1940's, colonial society had come to have its distinct characteristics which had replaced the pre-capital-ist social formation but somewhat forming a hybrid with it. As we shall see below, the household and its gandu endured in a less cohesive form and since taxation was assessed per

1. NAK SNP 6/5/127/1909 Labour conditions at Baro: Bishop Tugwell complains.

2. Ibid.

3. NAK Kanoprof 5/1/274/1928.., op. cit

individual, instead of per household, this helped to break-down the labour conditions in the cottage-based industries, processing members into the realm of capitalist relations of production. Principally, the colonial state competed for wage labour with the colonial companies, the mines and the emerging factories of the 1950's. Most of the time, the peasants preferred to work not for Public Work Department but other employers of labour for they got better wages and better treatment there. The Administration then resorted to coercive measures. The Forced Labour Ordinance was constantly under review throughout the colonial period to accommodate this situation.[1]

From the foregoing, we have seen that no section of the pre-capitalist social formation escaped contact with the pending social formation, both articulating with each other, with the latter increasingly dominating. Prising labour from the peasantry at great cost to the natural economy was one of the three main strategies, others being land tenure and taxation adopted by the colonial state to create pre-conditions for capitalist production. We will look at taxation below, and we shall see how it was used to buttress land and labour policies in the creation and consolidation of the colonial economy and society.

5.4. TAXATION

We have observed that the undermining of the existing system of production that preserved the unity of the peasantry with their means of production was the primary economic task of the colonial state. Imperialist control of the colonial

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1. NAK Kanoprof Confidential ND. 83 Forced Labour.

state, it has been written, was used to 'block' the reproduction of the tributary - feudal mode of production of the caliphate by restricting the ability of the ruling class to extract surplus labour,[1] through political means, that is, through 'indirect rule' by depriving the ruling class of its hold over state power. Taxation was one such device used by the colonial state to exercise its sovereign authority over the colonised peoples of Kano.

In Kano, taxation was also used to raise funds to pay for the infrastructure that was used for the further exploitation of the peasantry. The British parliament was not very enthusiastic in providing funds, believing that colonies should pay their way. In fact, primitive accummulation from the Northern Provinces played a crucial role in the development of the resources of the metropolitan country. We will argue in this section that taxation was the most crucial factor that served as a vehicle for the promotion of the penetration of a pervasive cash economy in the countryside and a process by which primitive accummulation was intensified.

W.F. Gowers, Resident in Kano, wrote in 1921:

> The history of revenue administration in kano is not of an alien institution imposed from without, but of the systematization, simplification and development of an institution which was already in existence at the time of the British occupation.....[2]

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1. Taylor, John G. (1974) From Modernisation to Modes of Production...p. 6-14 for an expansion of our discourse.

2. Gowers, W.R. (1972) 'Kano Gazetteer, 1921' in Kirk - Greene, A.H.M. (ed.) Gazetteers of the Northern Provinces of Nigeria (3 vols.) Vol. I. The Hausa Emirates, Frank Cass London p. 50.

The British very much believed in this statement right from the time of conquest. Prior to the conquest, the system of taxation in Kano was based on the household as a unit of assessment with craft tax and cattle tax assessed separately but always through the heads of the crafts and of the nomadic Fulani pastoralists. With their 'systematisation, simplification and development' the British radically transformed the system of taxation where the individual and not the household formed the limit of assessment. This system reached deeper within the peasantry as a class and, of course, the masu sarauta were not taxed, thus sharing the proceeds with the British. As a Resident put it:

> briefly, the Habes are the working class; the Fulanis the ruling class. We demand a tribute and share it with the ruling class. They have no intention of being the losers and still levy their former share plus ours, therefore the working class suffer and are discontented.[1]

Thus, in the early days, the British felt that the peasantry were under-assessed because some of the proceeds of tax ended in the pockets of the masu sarauta rather than in the state treasury. In fact, the peasantry were 'willing' to pay either the British or the discredited ruling class, but not both. This was because in their eyes the new system was double exploitation when added to the old one.

In 1904, a Land Revenue Proclamation was enacted, and this was for direct taxation of the producers - peasants, pastoralists, artisans and labourers for, falling under

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1. NAK SNP 7/1545/1907 Quater Year Report ending 30/12/1906, See memo. dated 23/7/1907 from Resident to Secretary Administration.

Kharaji (land tax) were jangali, compound, industrial and labour taxes. In other words, only products of the land were to be taxed.[1] This proclamation also provided the legal sanction for the colonial government to collect a quater of the taxes from land produce as well as half of the jangali which it had already started to collect in 1903.[2] By leaving three quarters of the revenue collected in the hands of the Emirs, the British were making good their ploy of making use of the traditional ruling class and by doing so were buying their confidence.

The Native Revenue Proclamation of 1906 was enacted at a time the reorganisation of the district was going on in full swing. The reorganisation as we have seen, was carried out at a time when all remnants of resistance had been quashed. It was also to facilitate the easy collection of tax. For them to undertake this major project, that is, reorganisation, it meant that the British were more confident that the emirate ruling class would not do anything to disrupt the administration's efforts at consolidating 'peace and security'. This confidence was also reflected in the fact that the colonial government increased its share of tax from one quarter to one half, and on top of this, imposed greater controls on how the emirs spent their share.[3]

Let us for a moment look at the major taxes imposed and the mode of collection. Among the various taxes that the peasantry had to contend with, the most important were Kudin Kasa, Shuka, Karofi, and Zaka (taxes for the use of

1. Lugard, Lord, Annual Reports.., A.R. for 1904, Para. 17
2. Ibid. p. 791.
3. Ibid., p. 10. See also Gowers, W.P. op. cit. p. 54.

agricultural land), and *jangali*.[1] There were, in addition, a host of other taxes on industries and industrial goods from the cottage-based industries. Also, simultaneously, the texture of the soil tilled by the peasantry attracted in the case of fertile soil higher taxes.

In the pre-colonial period the royal slaves who surrounded the Emirs, many of whom were tax collectors, stayed at court leaving their own slaves and the jakadu to assess and collect taxes from the peasantry. This meant that all (except a few) fief holders were absentee landlords. In order to properly assess tax and have it equitably distributed the colonial regime sought to 'reorganise', the emirate fief and village systems. The 'reorganisation' of the system of taxation was to make sure that the regime got closer to the peasantry by making the fief - holder the district headman hakimai resident in his district and not at the capital anymore.[2] On top of it, he was to command a salary. Below the district headman was the village head who was paid from a percentage of the taxes that he collected and handed over to the *hakimai* From the village head, these was the ward head and finally the household head. By 1914, all the emirate fiefs had been destroyed and replaced with 24 districts containing 26 sub-districts all with their headmen in residence. Lugard explained "the institution of this scheme of taxation and reform... had brought the British staff

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1. *Kano Province Report Half Year 1909*, para. 10
2. Lugard, *Lord Political Memoranda*.., p. 181.
3. See Kanoprof. 202/1914-17

into touch with the natives as no other method could have done."[1]

It was into these new structures that the Resident toured, inspecting, assessing for tax, surveying, reporting, sending returns, fixing boundaries, and 'becoming personnally acquainted with various peoples' in the province. Resident assessments took place twice yearly, the first just after planting and the other just before harvest. Re-assessments of districts always let to significant increases in taxes, and added to these were increases in individual incidences which had far - reaching repercussions on the peasantry for some increases coincided with periods of drought and famine.[2]

The way tax was assessed went through three distinct phases. First, there was Resident assessment which operated until 1908, after which '<u>taki</u>' assessment took over. "Taki" assessment was so named as it was derived

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1. Lugard, <u>Lord Annual Reports,... 1904-1906</u>

2. Mansur, Ibrahim Muktar 'British Colonial Domination in Nigeria and the Development of Culture of Dependency: Taxation as a Factor in the Breaking of the Extended Family in Kano, 1903-1950,' A.D. in <u>History Research</u> at ABU Zaria, vol. VII, 1983/88. In famines of 1941, 1942, 1943, and 1945 tax increases were as follows: 3p for 1941 and 1942 6p for 1943 and 11 - for 1945.

from '<u>takin gida</u>.'[1] and this was done by tax malams who had graduated from survey schools solely for this purpose. 'Takin gida' involved the measuring of the widths and lengths of compounds and the carrying out of detailed censuses of assigned areas -births and deaths - and these were reported to political officer in charge. 'Taki' assessment was in place from 1909 till 1920 when a reform was instituted and it was replaced by lump sum assessment, which was also known as Revenue Survey Assessment.[2] Lump sum assessment was heavier than 'taki' assessment, for example, in the Ungogo District, with a flat rate of three shillings (3/-) per acre, the original 'taki' assessment would have amounted roughly to 5,800(pounds). The Revenue Survey or lump sum assessment at the same three shillings per acre amounted to 9,674 pounds.[3]

Table 5.2 Tax Assessment in Ungogo District

Sub-District	Taki Assessment	Revenue Assessment
Tadun Fulani	122	343
Ungogo	387	1,077
Rafi Zakara	328	639
Munchikka	220	500

Source: NAK Kanoprof. 1708 Vol. 1 *Revenue Survey* p. 6 3/2/1936.

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1. Skinner, Neil (1977) (ed.) *Alhaji Mahmudu Koki, Kano Malam*, ABU Press Zaria p. 66. See also NAK Kanoprof. 1708 vol. 1.

2. Kanoprof 1708 vol. 1 ....

3. Kanoprof 1708 vol. 1 p.6.

This shows quite clearly that as the colonial regime entrenched itself more firmly over the years, the peasantry was being pressed to contribute more and more to the colonial state revenue. Revenue Survey, however, was not applied in all districts of the province. By 1931 it applied only in areas where there was "definitely land hunger and where farms/had a definite exchange value."[1] This was mainly in the fertile districts of the Kano emirate.

Over a number of years, assessing officers conducted experiments as to the productivity of the different soils. Produce on measured areas was weighed and valued. In Ungogo district the following was the land classification and the tax workout.

Table 5.3 Land classification and Tax paid

	£	s	d
Rafi at 35/- tot	117	0	0
Tigawa at 2/- tot	7,450	0	0
Tako at 1/6 tot	167	0	0
	7,734	0	0

Source: NAK: Kanoprof. 1708 Vol. 1 para 40.

1. Kanoprof. 1708 Vol. 1 p. 6.

The table below goes further to show how this was done.

Table 5.4 Tax Assessment per Acre

Type of Soil	Value of Produce per acre			Assessment at 8%			Soil Grade	Proposed Rate per		
	£	s	d	£	s	d		£	s	d
Rafi	20	4	11	1	12	0	A	1	0	0
Jigawa	3	14	6		4	5	B		3	6
Tangargani	2	9	5		2	8	C		2	6
Chakua	1	14	9		1	9				
Fakko	1	9	9		1	6				
Fadama	1	9	7		1	6	D		1	6
Tsokwa	1	3	0		1	2½				

Source: NAK: Kanoprof. 1708 Vol. 1 Para. 48 Eastern Division.

In other areas, the question of soil classification was replaced by 'industrial tax' to make up for the infertility of the soil, and mostly the people of these areas would be engaged in various industries. Here since the state could not impose a tax in terms of the land, it had to make do with taxing the various crafts. In this scheme, each member of a particular industry paid a flat rate at which that industry was assessed as well as according to individual wealth.[1] As the table below will clearly

1. Ibid., See memo. Dated 3/2/1936 from Touring Officer, Eastern Division to D.O. Kano, Gezawa District Tax, See also Political Memoranda ..., p. 189

show, begging was considered an 'industry' lumped together with cottage industries. As an example, we will take Gazawa District which was assessed on the basis of estimated income on which was then suggested a new rate for taxation in 1936. The old rate will be shown to illustrate the lack of breathing space that the peasantry was subjected to by the colonial state.

TABLE 5.5 Occupations and Taxable Incomes

INDUSTRY	ESTIMATED INCOME		PRESENT RATE	SUGGESTED RATE.
	£	s	s	s
Butchers(major)	20	0	8/-	10/-
butchers(minor)	7	0	3/-	3/6
dyers	2	10	1/-	1/6
blacksmiths	4	0	2/-	2/-
cloth beaters	2	0	1/-	1/-
Corn dealers	7	0	3/-	3/6
petty traders	3	0	1/6	1/6
beggars	4	10	2/-	2/-
Kolanut sellers	5	0	2/6	2/6
brothels	3	0	1/6	1/6
barbers	4	0	2/-	2/-
salt sellers	4	0	2/6	2/-
leather workers	2	10	1/-	1/-
sweet makers	2	0	1/-	1/-
weavers (bunu)	4	10	1/6	1/6
tailors	2	10	1/-	1/-
calabash makers	1	5	6d	6d
money takers	2	5	1/-	1/-
potash sellers	4	0	2/6	2/-
drommers	3	0	2/-	1/6
rope makers	1	0	6d	6d
corn traders	4	0	2/-	2/-

Source: NAK: KanoProf. 1708 Touring Officer Gezawa District Tax 3/2/1936.

We should bear in mind that the people of Kano emirate were agriculturalist as well as industrialists in their cottage industries. Also in the pre-capitalist era only the heads of each of the industries were taxed, however, colonialism ushered in individual taxation. This, coupled with the fact that individuals instead of households were taxed, introduced a new element in the lives of the peasantry, namely: monetization.

The monetization of the countryside served as the introduction of a pervasive cash economy through the medium of colonial currency. The cowrie was the pre-colonial form of currency and immediately after conquest colonial currency was introduced, the exchange established tat 1,200 cowries for one shilling (1/-). Stalls were established in the markets for exchange.[1] As the colonial currency took root the exchange rate was raised to 450 cowries for one three penny piece.[2] By 1909 a District Officer on tour report of Gijamwa District in Hadejia was able to boast that the "the whole tax was demanded and/had/been paid in silver."[3]

The imposition of colonial currency and all the taxes and levies as well as the predominance of colonial trading companies was to have the consequence of effectively subordinating the peasantry, pastoralists, labourers and the

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1. For details of how the exchange was carried out, See Skinner, Neil, Kano Malam... p. 73

2. NAK SNP 7/1765/1407 Tour Report of Commercial Intelligence Officer, Mr. C.A. Birtwistle dated 24/4/1907

3. NAK SNP 7/5089/1909 Assessment Report Gijamwa District Hadejia, Kano Province 1909-10, memo dated 27/4/1907, para. 7.

independent internal merchants to merchant capital which was the agency that mediated the incorporation of Kano province and Nigeria to the world economy.

We must note that commodity production was already advanced in Kano by the time of the conquest. After the conquest it took off far beyond the level for which forced labour and increased crop planting by the peasantry could have allowed. The real motor force of capital penetration in colonial Kano and the rest of Nigeria proved to be peasant-grown cash crops. Lugard had written that the peasantry were "to devote themselves to increasing the output of their land, with the assurance that they would reap the fruits of their industry", so that a "fair and moderate tax" derived from these 'fruits of their industry' could sustain a 'modest but sufficient income for the ruling class"[1] that is, the British and the Fulanis.

We have noted the relationship between cottage industries and taxation. From the beginning of colonial rule, cotton was earmarked for promotion as a commodity to be produced to feed the Manchester mills. It was also envisaged that American cotton would replace the Kano variety. Cotton was not a success (see section 5c below.) Efforts to promote cotton growing continued until the groundnut revolution of 1912. The groundnut, long cultivated and consumed by peasants, was less soil destructive

1. Lugard, Lord, Annual Reports 1904 p. 804.

and was less demanding than cotton and could be inter-cropped with grains. Groundnut cultivation for export was largely induced through administrative and economic pressures, chiefly the demand for each taxes.

Groundnut cultivation became directly linked with general tax to the extent that the payment of tax was predicated on yield per acre so that it was in terms of what acreage produced that weight which was equivalent to the tax the peasant paid to the state, The table below shows how this was worked out:

TABLE 5.6. Groundnut Cultivation and General Taxation

Emirate	District	Tax	Average yield of Nuts/Acre	Value	Acreage required to pay tax
Hadejia	Birniwas	6/-	500 lbs	2 10s	.54
	Kirikassama	5/6	450 "	" "	.55
Gumel	Sule	6/-	450 "	" "	.60
Daura	Maiaduwa	7/-	700 "	" "	.45
Kazaure		7/-	700 "	" "	.45

Source: Crop yield statistics 5/1/1934 Annual Reports

What we can deduce from the table is that yield and taxation were linked to the type of soil cultivated. Where groundnuts could not be cultivated owing to soil conditions.(i.e. South of Hadejia River) the number of taxable male adults was also taken into consideration, so taxable income was based on individual male adult assessment.

For example, in the Northern Division, general tax assessment for 1933/34 was 41,000 pounds and adult male population was 130,000. With the average price per ton of groundnuts fixed at 50/- per ton, 16,400 tons were needed that year to pay tax. The average production estimate for that year was 4cwt per acre, therefore, 82,000 acres were quite enough to pay the general tax assessment.

Table 5.7 Acreages Production and General Tax

Emirate	Farms	Acreage	Production	Value	Total Value	Tax Assessment	Balance
Hadejia	26,094	20,875	4,175	50	10,438	17,000	-6500
Daura	29,509	26,558	5,312	40	10,624	10,000	-300
Gumel	20,111	16,088	3,218	50	6,436	6,200	-200
Kazaure	15,323	13,790	3,065	40	6,130	7,600	-1500
Total	91,037	77,311	15,770		33,628	41,000	-7900

Source: NAK Kanoprof. Groundnut Prices and General Tax: Relationship Between 16/1/1934 (Northern Division-Hadejia)

As the figure show, Hedejia, Gumel and Kazaure emirates fell into deficit in tax payments. For the peasantry, their entire production of cash crops went into tax payment, bringing a cycle of debt and impoverishment year in and year out. This led to an examination of the possibility of taxation for women, in most cases to offset the deficits, in most districts.

From the 1904 and 1906 Land Revenue Proclamations, we noted that the government took a share of the tax collected in the name of the Emir. Out of it grew one of the major developments of the colonial period, namely, the institution of Native Treasury system.[1] It was in 1908, that the Emir of Kano, Muhammadu Abbas, approved of the Native Treasury called the Baitulmali. The Emir as the Head of Native Authority controlled the fund with his judicial council. Of course, the Resident kept an eye on what was being done with the funds. Most of this money went to payment of salaries of the Emir down to the tax collectors and the employees of the Native Administration.

By 1912, Sir Hesketch Bell proposed that the share of the colonial state be invested in England through the Crown Agent. This started the process where by money capital was removed from the colony and invested in England. This money was in addition to the surpluses from the share of the central government revenue as well as profits from trading companies and banks. For instance, the <u>Baitulmali</u> kept some of its money in the British Bank for West Africa on fixed deposit. The table below shows this position of the Native Administration funds clearly - for Kano.

<u>Table 5.8 Profit Divestment at Home and in the U.K.</u>

Year	Cash in Hand	Fixed deposit in Bank	Invested Abroad	Total Surplus
1924	54,663,0.0	175,000,0.0	59,817.0.0	289,480.0.0
1927/8	64,691.16.2	223,250.0.0	76-855.0.8.	264,794.16.10
1930/1	68,672,0.3	114,500.0.	82,270.0.8	268,442.0.11
1931/3	92,071.7.11	124,000.0.0	85,269.5.9	301,140.13.8
1933/4	72,541,1.16	173,073,0,0	118,435,13.5	364,049.14.

Source: Fika Adamu, <u>The Kano Civil War</u> for the Account of the Development of Native Treasury system, p. 193 (1924. Figs)
See also Ikime, Obaro 'The British and Native Administration Finance' <u>Appendix</u> pp 690-2.

1. See Fika, Adamu Mohammed, <u>The Kano Civil War</u>... for this account of the development of the Native Treasury System and expenditure, pages 177-193.

If we remember that the province could not be considered in isolation from the Colonial Office, it would not be too hard to see that, clearly, the peasantry were underwriting the living standards of the Masu Sarauta, and the British. We can also see that, through Lugardian spectacles, taxation provided the pivot about which all else revolved.

5.5 THE COLONIAL ECONOMY AND SOCIETY: CAPITALIST FORMS OF PRODUCTION

In this section, we consider four periods which we use to delineate the development of the colonial economy and society. The first period was that between 1903 and 1911, the second, that between 1912 and 1929, the third, between 1930 and 1949 and finally that between 1950 and 1960. We wil see that through these stages, the Kanawa were progressively integrated into the capitalist world economy.

In the period between 1903 and 1911 the Kanawa were inundated with a series of legislative measures which were designed to control and subordinate them as object of colonial state policies. In the first place, the gradual elimination of captive or slave labour on which the Fulani aristocracy had been particularly dependent was the key factor underlying both the introduction of capitalist relations of production and the rendering of the Fulani Emirs dependent upon the colonial state. This transformation was responsible for the appearance of an enlarged poor peasantry which was no longer that of the pre-colonial period but re-organised under the colonial regime, through the system of 'indirect rule', to produce exportable agricultural raw materials for cash. This set the stage for the Land Revenue Proclamation of 1904 and 1906 which resulted in the Northern Lands Committee of 1908-9. Coupled with the land question was the question of finance. For Kano Province and indeed the whole Protectorate of Northern Nigeria, the reasons that produced the various legislations could be explained from the standpoint of the variant forms of colonial production that developed in the different parts of the colonized world, namely, peasant commodity production, corporate plantation production, settler estate agriculture, and so on. For Kano, it was found to be:

> More beneficial to capital to dominate agriculture by controlling the conditions of reproduction of the small farmer rather than by expropriating him. This means that capital was spared certain costs it would have had to bear were it to directly organise agriculture production... While the institutional forms of this process appeared mercantile the situation was in which the direct producers were working for capital that were producing value which capital appropriated, albeit in a more mediated form than in the case with classsic wage labour.[1]

Thus, capital could acquire both the materials it required as use-values for industrial production in the metropole as well as appropriate part of the value of the labour contained in the commodities produced by the peasantry as exchange value. The period before 1911/1914, the period we referred to earlier as 'construction', was used to lay the foundation of colonial capitalism.

The second period in this progression was ushered in by the arrival of the railway in 1912. Indeed, the Kanawa had not been properly integrated into the colonial economic

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1. Bernstein, H.(1976)"Underdevelopment and the Law of value: A critique of Kay," in The Review of African Political Economy, No. 6, May-August, pp. 58-9.

system until the arrival of the railway. The arrival of the railway also coincided with the groundnut revolution which eclipsed the British Cotton Grower Association's hopes of developing a viable trade in cotton growing in the Province. The year 1929 is used as a demarcation point because of the economic crash which started the depression that shook the capitalist world of which the Kanawa were becoming a major 'appendage.'

The next period is that from 1930 to 1949. In this period, at the beginning of the 1930's, in spite of the depression, there was an intensification of the technique developed earlier of exploiting the peasantry - taxation, the recruitment of forced labour and land expropriation.[1] From the 1940's, the colonial welfare development policies affected the introduction of factories which now consumed part of peasant production culminating in 1949 when Marketing Boards for cash crops were set up to properly ensure free flow of colonial surplus to the metropolitan country. The colonial economy and society also matured considerably during these years, 1930-1950.

The period 1950 to 1960 saw the entrenchment of factories that consumed part of peasant production, the continued destruction of cottage-based industries and the drift from the countryside which gave rise to an urban proletariat, lumpen-proletariat and the urban fringe. This is also the period which witnessed the development of organised populist

1. See Kano Province Reports, 1930-1940, passim.

thinking against colonial rule and all it represented. At the end of this period, independence of the rural system was mortgaged forever in a neo-colonial set up.

In order to show clearly what took place within these periods which we have delineated, we look at selected topics such as the development of agricultural and mineral production, the destruction of independent cottage based production as the basis of industrial independence, and finally the role of commerce which led to the introduction of factory production.

(a) The Development of Agricultural Production

We start our analysis here with an important definition that begins not with the peasants but with peasant production domestically organised agricultural and other production, that is, we focus on production as a process rather than on persons.[1] This allows us to deal with the very common situatic in which peasant production is 'admixed' with other activities in the same social setting, the same family, or the same individual as well as those situations in which there is a shift within short time spans, as was prevalent during the colonial period in Kano.[2]

By the turn of the century, Hausa farmers still grew a variety of crops - among which were gero (millet), dawa (guinea corn), gyada (groundnut,), rogo (cassava), cotton, indigo, tobacco, yams, wheat and so on. Cotton indigo and

1. Silverman, Syde (1983) 'The concept of Peasant and the concept of Culture' in Mencher, Joar P. Social Anthropology of Peasantry, John West Publications, Ikeja, pp. 27-8.

2. This was subject to the vicissitudes which the progressive development of the colonial society in the successive decades occassioned.

tobacco were mainly bound for the cottage industries, while from the food crops several foodstuffs were prepared for the consumption of the family members as well as for the market. This is what we called 'balanced production' in which people involved in one sector of the economy were actively participating in other sectors, that is, different sectors of the economy interwoven - came to be undermined during the colonial era as emphasis was placed on one commodity or the other at the expense of others. The first to receive such attention was cotton.

With the establishment of British hegemony in Northern Nigeria came great hopes that the agricultural area of Hausaland, centered around the market city of Kano, would provide an important source of raw materials for industry in Britain. The raw material which was in mind was not, however, groundnuts, but cotton which was to supply the looms of Britain's largest manufacturing enterprise, textiles. The influential British Cotton Grower Association, Manchester - based and agent of the cotton millers, was attempting in 1902 to find a substitute for Britain's main source of supply from the Southern part of the USA. Southern USA which had been hard hit by the infamous bull weevil plague, was also shipping over more raw fibre to American mills, lending urgency to Lancashire's efforts to find a new source of supply.

Cotton had been grown and even exported from Southern Nigeria as early as 1860's,[1] but the B.C.G.A.'s hopes were focussed on the North where its agents reported that "there are unlimited land suitable for cotton growing, and that labour is available. The soil in some districts is reported

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1. Morel, E.D. (1912) Nigeria: Its Peoples and Problems, London 2nd ed. p. 225.

to be the first cotton soil in the world." Reports received in London estimated that in Northern Nigeria "almost sufficient cotton can be grown to supply the wants of Lancanshire"[2]

Kano and Zaria were supposed to be the dual centres of this immense development. Particular attention was paid to Kano area, with its relatively high degree of indigenous agricultural sophistication and large farming population. Kano also had the advantage of a large local handloom weaving industry already attracting supplies of home grown cotton. The B.C.G.A. had to contend with this strong domestic demand for cotton which was absorbed by the province's cottage industries where the Black Kano cloth was made.

The main production centres of cloth were Birnin-Kano, Kura, Garko and Dawakita - Kudu. The Black cloth was in great demand, especially by desert dwellers who continued to make their journeys, annually to Kano bringing salt and potash. For this reason Kano did not contribute much to Nigeria's cotton export trade until 1913 and for most of the colonial period up to 1940, Kano cotton buyers successfully competed with the B.C.G.A. by offering higher prices notably in Zaria where Kano dealers offered at least two pence per pound weight of cotton as against the B.C.G.A.'s maximum price of one penny per pound weight.[1] But of course, this was because the price the B.C.G.A. could profitably offer the cotton lint, which in turn was based on supply from a wide variety of sources, whereas the price which the Kano spinners and weavers, not yet incorporated into this world market, were willing to pay was determined by the conditions of a regional market, and could and often did, exceed the world price.

Because the knowledge that cotton had been cultivated by the peasantry for centuries was common between 1900 and 1913, both European merchants and Political Officers laid emphasis on the development of cotton production not only in Kano Province but in the whole country. Out of this knowledge was also the fact that native cotton was the only type that the local industry could make use of. Then from 1900 onwards consignment of American and other cotton seeds were forwarded to Residents to distribute amongst the peasantry. The cotton trade which was to result from this aggressive onslaught was to be facilitated by cheap and ready communication with the coast which was yet to be established.[1] To this end the Baro-Kano railway was begun in January 1908, reaching Kano in 1910. With the coming of the Railway, it was supposed that cotton would be shipped more easily to the coast. It was not to be. Instead the groundnut crop, hitherto a very minor but increasing export from 1900 to 1910 became the major export crop for the peasantry. In 1912, some 1,917 tons of groundnuts were exported. What happened?

Until the railway reached Kano, the presence of the British had made very little impact on the pre-colonial economic conditions and patterns of the peasantry. Within

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1. Lugard, Lord <u>Annual Reports</u>..., A.R. 1905-6 pp.65-67

this period, that is, between 1900 and 1912, as we have stated above, the fiscal and other policies of the colonial state were being systematically laid down. By 1912 the impact of these policies were beginning to be felt by the peasantry especially the taxation policies.

Thus, when the railway reached Kano, there came in its wake representatives of European commercial houses - the Niger Company, the Lagos Stores, the French Company whose agents began to spread news that high prices would be offered for groundnuts sold to the firms.[1] The spread of this information, therefore, and the opeinng of the railway two months before the rains gave enough time during -which information reached the harassed peasant who saw a means of paying the tax man and ensuring his livelihood which was continually being threatened by forces outside his control. These factors explain the sudden leap in the quantity of groundnuts offered for sale to European firms during the first year of operations. Whereas in 1912, just under 2,000 tons were shipped, in 1912 - 13 the quantity reached 10,000 tons.[2]

The rise of the groundnut crop as the pre-eminent export crop devasted and disappointed the B.C.G.A. and its backers. As a result the B.C.G.A. decided that instead of competing with local textile manufacture or market, it was going to destroy it. To this end both legislative and discriminatory buying policies were employed to subjugate the local

1. NAK SNP 362/1114/1912 E.J. Arnett(1911) Kano Province Rep.

2. NAK SNP 369/170/1915 H.R. Palmer Kano Province Rep. No. 51 1915, p.4 In 1919-16, 38,000tons; 1921-5, 111,526 tons; 1926-7, 50,963 tons. were exported from Kano.

Table 5.9 Discriminatory Prices and Cotton Production

American (tons)	Native (tons)	Total (tons)	American	Native
1920 - 1 nil	5,000	5,000	4½p/9b	3p/1
1921 - 2 52	35	87	2	1¼
1922 - 3 55	1	56	2½	1½
1923 - 43 30	950	1,280	4	3
1924 - 51 230	2	1,232	3	3¼

Source: NAK:SNP 17/10/99 Vol. 7. Agricultural Dept. Reports on Cotton growing Industry in Nigeria, Report by Director, May 14, 1925.

industry. A look at the table above shows the discriminatory prices paid as well as their effect on production.

It was also revealed by the Director of Agriculture that variations in output were "of little significance in connection with future prospects."[1] To enhance American cotton, it was envisaged that:

1. more markets would be established
2. adequate supervision of the markets would be provided
3. American cotton to be introduced in Hadejia and Katagun Emirates which had not been attacked yet.[2]

Between 1911 and 1937, over one million acres of land were brought into cultivation for groundnuts. The United African Company (U.A.C.) was able to state categorically in 1949 that "... this was a magnificient achievement in so short a time."[3] The UAC went on to say that this was even more remarkable, achieved by favourable marketing conditions

1. NAK SNP 17/10/99 Vol. 1 Agricultural Dept. Reports on Cotton Growing Industry in Nigeria. Report by Director May 14, 1925.

2. Ibid.

3. UAC 'Produce Goes to the Market-Nigeria Groundnuts,' in the Statistical and Economic Review No. 4.9/1949, p.2

and the development of groundnut production in Northern Nigeria was "undertaken almost entirely on the initiative of the Nigerian peasant."[1]

This revolution, contrary to this claim, was a response both to the steady insistence of the colonial state that tax payment must be paid in British colonial currency and the energetic intervention of indigenous and levantine commercial agents and bureaucrats.

Cotton and especially groundnuts were grown mainly for tax purposes. For the purposes of paying tax all agricultural crops were divided into (a) commercial and luxury crops and (b) food crops.
Those in category (a) were groundnuts, sugar, henna, indigo, tobacco', sweet potatoes, calabashes and honey, and those in (b) were gero, dawa, cassava and beans.[2] Commercial crops were grown to meet state obligations and where these were inadequate, as was often the case," ... the sale of a few bundles of corn was the almost universal remedy for small arrears of tax...."[3] District officers went to the extent of estimating an average peasant's wealth based upon figures elicited during assessment work. This was always done through 'casual conversations' and 'discussions' with the peasants. The peasants had no idea whatever about the purpose for which these enquiries were to serve. The purpose was, however, to see the relation

1. Statistical and Economic Review, No. 4, 9/1949.

2. NAK: Kanoprof 5/1/20007, para. 18

3. Ibid.

between groundnut receipts and total receipts and then determine what percentage accrued from selling groundnuts or cotton or other agricultural raw materials.[1] As often happened, these raw materials were not enough to pay for tax because of the vagaries of the market, weather, etc., and if the food crops were similarly affected, the middlemen, district heads and traders often came in handy with credit advances. This they did by guaranteeing to pay tax on the peasants behalf thereby mortgaging the peasants produce. So, in fact, from the producer, the crop went through the middlemen to the Licensed Buying Agent (LBA) and finally to companies like the UAC, the Campaigne de'l' Quest Africaine (SCOA) and the Anglo-Dutch Unilever (Niger Company and Lever Brothers) and others. Most of the profits creamed off from the surpluses of peasant production accrued to this small number of monopoly firms who generally controlled the credit of smaller traders.

Apart from cotton and groundnuts, hides and skins were processed in the age - old techniques and sold abroad. The chief buyers of hides and skins were the Niger Company, Messrs L. Ambrosisini Ltd., the London and Kano Trading Company and H.T. Pearson and Company. Goat skins were sent to America, Italy and France where they were a speciality.[2]

Finally, the British did not revolutionize the factors of production in agriculture, for they must have decided to invest as little as possible in order to extract the maximum

1. Ibid.

2. NAK: Kanoprof. 5/1/2007 para. 18.

surplus from the Peasantry. In the next section, we look at the destruction of the cottage - based industries which went hand in hand with agricultural production in the lives of the Kanawa.

(b) <u>The Destruction of Independent Cottage Production as the Basis for Industrial Dependence</u>

In the pre-colonial period there was what we earlier referred to as "balanced production". Balance production meant the agricultural sectors of the peasant economy going hand in hand or complementing each other within the gandu. The cottage industries were often carried out by members of gandu during their spare time and often the proceeds from these industries accrued to the individuals instead of the collective gandu. In the pre-colonial and colonial periods, these industries were taxed, but the fact that taxation during the colonial period was based not on the head of the industry but on the individuals who participated in the Production of good, changed the situation radically.

So, even from the beginning, the cottage industries also entered the intensified cash nexus which led to their decline and stagnation. This assault on the cottage industries occurred in the period 1912 to 1929, and was directed by the colonial state which enacted a legion of regulations meant to subjugate them. It is assumed that the decline of the household-based manufacturing was caused by cheaper prices of European goods that flooded the Kano markets. This is far from correct although European goods had a hand in this, as we shall see below.

The first industry to suffer from the onslaught of the colonial state was iron-working. Iron pits and smelting furnaces were eventually rendered unprofitable to the peasantry because of the high taxes demanded and the fact that continued operation of these meant possible or even certain prosecution of the offenders under the Minerals Ordinance.[1]

The textile industry of Kano, though it survived colonial rule somewhat, was the worst hit. In Kano, locally cultivated raw cotton was totally absorbed, in fact, it was insufficient for the needs of the cottage producers. To supplement the Kanawa imported cotton from Zaria where they competed again with the B.C.G.A. When the B.C.G.A. and its sponsors were disappointed by the turn of events when the railway reached Kano, they turned to destroying the indigenous textile industry. The first thing the British did was to enact, in 1916, a rule prohibiting the planting of other than improved' American Allen seed.[2] From the seeds, it was found necessary to control the process of preparing the cotton up till it got to the weavers and spinners. To this end ginneries were set up in Katsina, Zaria and Kano itself and then market and buying areas were set up in direct competition with the Kanawa. The setting up of these market areas had been recommended in a report submitted when the railway first reached Kano.[3] It was at these

1. NAK: SNP 11/47m/1914.

2. NAK: SNP 1638/1920

3. NAK SNP 7/5529/1912 Cotton Industry Report in Director of Agriculture's Annual Report.

markets and buying areas that discriminatory pricing was carried out to force the peasantry to abandon the native cotton.[1]

Another line of attack on the cotton industry was the importation of cheap cloth from England. As early as 1907 C.A. Birtwistle, the commercial intelligence officer had emphasised that "the Manchester goods had to be imposed."[2] From this angle, the merchant firms only offered payment for certain agricultural commodities like Shea Butter and groundnuts for cheap imported cloth. The peasants would in turn sell the cloths in the local markets to get cash which would be needed to pay tax. In this way, local cloth producers' prices were uncompetitive.[3] From the 1930's European cloth got cheaper and so slightly lowered the costs of locally made textiles, but in doing so the local weavers and spinners soon found themselves unable to cope.[4]

Another old industry was the silk industry in Kano which had been reported by Barth in the mid nineteenth century. The colonial merchant firms got the monopoly of the collection of silk and its de-gumming and by so doing rendered the peasantry within the gandu unable to continue in this highly specialised textile industry.

The leather industry in Kano suffered a decline with the coming of Bata, Lennards in the late 1940's. The artisans of Kano ended up producing novelty goods for tourists.[5] Most of the primary materials, hides and skins,

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1. NAK:SNP 17/10199 vol. 1...
2. NAK SNP 7/1765.., Marginal Comment
3. Shenton, R.W. & Lennihan, Louis 'Capital and Class... pp. 55-6
4.
4. Ibid., Footnote 9, p.
5. Bello, Sule 'State and Economy ...,' pp. 216-8

were exported abroad.

Woodworking was another industry which was stifled by the colonial state through legislations like the Forestry Ordinance of 1916[1]. This industry was important to the peasantry for the provision of household utensils, furniture, tool handles, fuel and herbal medicines. The restrictions on the peasantry paved the way for a timber industry in Kano and elsewhere in Northern Nigeria from 1928 onwards.[2]

For the women, mostly, food processing was an enduring industry within the gandu. Food produced locally was sold to workers on road gangs and other public works department projects. With the importation of tinned foods and other foodstuffs from abroad, the state found it necessary to curb this lucrative business of the peasantry.[3] For the more specialised like sugar production, there was an increasing dependence on British machinery imported by John Holt. For example, rules relating to sugar production stated that: "no person should manufacture sugar without obtaining a permit from the N.A. and approved by the Resident."[4] A necessary condition for obtaining such a permit was the possession of crushers and rollers - which were available from John Holt.[5] Non-compliance with these and other regulations attracted fines and or imprisonment.

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1. Lugard, Lord Political Memorandum .., p.439
2. NAK Kanoprof 5/1/3325 Timber Industry, 1924-48
3. NAK/Kano 53134493 Local Production of Food Stuffs. Instructions, para 5ff.
4. NAK Kanoprof 5/1/3565 Sugar: Local Production.
5. Bello, Sule State and Economy... pp. 223-4

On top of this, every industry was subjected, under the Revenue Survey, to exhorbitant industrial taxes which made certain that whatever the artisans got from their products was taken away by the state in the form of taxes. [1]

We have seen, in the preceding sections, the economic conditions of the peasantry, and how the conditions of production and exchange were regulated and controlled without their direct reorganisation. In the next section, we look at the vehicle which was responsible for the transformation of the rural system - merchant capital as well as the beginnings of factory production in Kano and Northern Nigeria as a whole.

(c) The Role of Commerce and the Introduction of Factory Production

J.R. Patterson, Resident in Kano in 1937 wrote:

> Unconsciously and almost without special effort Kano has reoriented her trade outlook and from being the Northern focus of camel borne trade across the Western Sahara, she has become the centre of the large Nigerian trade in groundnuts. [2]

Patterson may have thought that the transformation had occurred unconsciously and almost without efforts but the evidence we have is contrary to this. By the 1930's trade in Kano had undergone three phases. These were the destruction of the trans-Saharan-trade which gave way to the emergence of the ocean borne trade and this was coeval with the cash replacing the Kano cloth as a medium of exchange. The cash economy was promoted by colonial taxation in what Watts has called "tax-money-trade nexus" [3] in which Lugard noted

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1. NAK Kanoprof 1708 Vol. 1 ... p. 17
2. NAI CSO 26/2/126682 vol. XI, 1937 Annual Report Kano Province para.
3. Watts, Michael Peasantry, Merchant Capital and International Firms ..; p.40

"... the advantage of securing sufficient cash to pay his/ peasant/tax/thus/promoting the adoption of currency which facilitates trade."[1]

Because it has been generally supposed that the early administration was interested only in law and order, it is necessary here to bring out what Lugard wrote in his memorandum: "the important part of the duty of the political staff is to encourgae trade by every means in their power"[2] This duty extended to the forwarding of samples of 'economic products' to the Imperial Institute where these products were to be analysed and their economic value estimated for further exploitation or otherwise.[3] Along these lines of opening up every nook and corner of the province, district officers were to recommend for improvement the means of transport in terms of road produce as well as where new trading stations could be opened.[4] It was within this framework that the High Commissioner, Sir Hesketh Bell, declared that "the English trader can have all his own in Northern Nigeria."[5]

By 1913, a total of eighteen trading companies led by the Niger Company, John Holt, C.F.A.O. and others were entrenching themselves in the economy of Kano. By 1929, the

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1. Lugard, Lord (1965) The Dual Mandate in British Tropical Africa, Frank Cass London, p. 2511.
2. Lugard, Lord Political Memoranda ..p. 30
3. Ibid.
4. Lugard, Lord Political Memoranda p. 3
5. Sir Hesketh Bell, High Commissioner quoted by Watts, Michael op.cit. p. 32.

U.A.C. was formed and with it came the prominence of the Levantines (Syrians and Lebanese) who had since 1917 came to settle in increasing numbers, and who managed in a short space of time to take over the larg part of the retail trade of the big European firms. It was these Syrians and Lebanese who contributed effectively towards the gradual replacement of the traditional system of exchange by barter at the trading station by payment in money. And since they could not go into the interior to negotiate for produce, another crop of middlemen emerged - the Hausa agent of the Licenced Buying Agents (L.B.A.). That is, between the commercial houses and the peasant producers, there developed an army of intermediary agents, brokers, traders and middlemen.

The hierarchy of a commercial edifice was responsible for the intensification of a highly usurious credit system in the countryside. The need for cash to cover tax and other needs by the peasantry was exploited by commercial agents who, well in advance of any harvest, were advanced by European firms considerable sum which in turn were lent directly to the producer who would then pledge his crop in return.[1] The failure of any particular harvest meant that the peasant would be in a permanent debt trap.

So we can see the role played by the colonial state as an agent for the expansion of European trade interests. Giant companies like the Niger Company and U.A.C. played a crucial role in the subsequent development of Kano, thereby affecting the lives of the peasantry through the state.

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1. Watts, Michael op.cit. pp. 37

In realising this, the companies sought to use the state to elimiante what they called the 'native middlemen'. The U.A.C. in particular was out to crush the middlemen and thereby control the prices with the object, eventually, of beating prices down.[1] Mr. Dawson an employee of the U.A.C., characterised the Hausa middlemen as a 'parasitie' and sought the Resident's intervention so that the U.A.C. could deal directly with what he called the 'producer'.[2]

These conflicts went on between the commercial houses and the petty trader, between the commercial houses and the Levantine group and finally between the Levantine group and the petty attajirai. At the end of the line the peasant was being fleeced in a sense because he was constrained or limited in his choice of market. The esssence of the link up between merchant capital and the peasantry was thus the establishment of oligopoly or monopoly in circulation and this was done by restricting the peasantry within a radius of ten or twelve miles of a trading station often contracted by one of the companies - to buy or sell their produce there. Those 'authorised' markets were the only ones allowed for these transactions for this served another purpose that of monitoring the payment of tax.[3]

The merchant and this agent thus controlled the disposal of the peasant's product and through this they feebly invaded the process of production itself. This was done through the establishment of quality controls over the product, enforced politically by the Adulteration of Produce Ordinance.[4]

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1. Ibid., para. 5
2. NAK: Zaria Prof. C/C7/1940 Trading Centres: Policy
3. Ibid. (Resident Kano to SNP 22/12/33 para 9
4. Lugard, Lord, Political Memoranda..... p. 30

In order to properly channel peasant produce abroad, the marketing organisation was changed after the Second World War. In 1949 the Groundnut Marketing Board and the Cotton Marketing Board were set up.[1] Each of these boards was responsible for the purchase of these products from producers and for shipping them to overseas markets. The single boards were abolished in principle at the 1955 Nigieran Constitutional Conference in London and in their place Regional Marketing Boards were set up with the Nigerian Produce Marketing Company as the parent company at the federal level.[2] Money which accrued to the Northern Regional Marketing Board went to the Northern Nigerian Development Corporation which was then to give out loans to the government for agriculture and industrial development.[3] Thus, we have seen the role the merchant houses and their capital played in the lives of the peasantry.

Briefly, between the producers and the ultimate consumer in the Metropolitan country, the peasant fell into the hands of the middlemen whose margin of profit depended on the utilisation of unequal exchange which required that they acquire goods below their price of production and then sell them above it (the system of buying cheap and selling dear). For example, while peasants got about £2.10s. a ton for groundnuts, the same ton was selling for close on to nine times as much as £17 a ton in London.[4] The Marketing Board was getting half of this money without the peasantry

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1. Oluwasanmi, H.A. Agriculture and Nigerian Economic Development pp. 159-60
2. Ibid. pp. 159-66
3. Ibid. p. 133
4. Wells, F.A. & Warmington W.A. (1962) Studies in Industrialisation: Nigeria and the Camerouns.

benefitting in any way in forms of improvement of production forces.

With the bases of colonial capitalism in place in the years between 1903 and 1911, the consolidation of the colonial state took place from 1912 to 1929. From the 1930's onwards the colonial economy and society were well grounded to provide for the needs of Lugard's ''dual mandate'. With the economy recovering from the Depression world-wide and heading into stormy waters of the Second World War, the colonial government started reviewing its agricultural policies with the view of putting into place the last and most crucial role in the development of the colonial capitalism, namely: colonial factory production.

This review of policy which culminated in a British Government White Paper published in February, 1940, was no act of charity, however. The Programme of Colonial Development and Welfare was a response to war conditions in Europe and the fact that exports were no longer viable so the British Government envisaged the possibilities both of an internal exchange of goods as well as those of simple manufacturing development.[1] This led, during the war, to efforts to establish factories.

The establishment of these factories was carried out under foreing companies and this meant industrial and technological subordination to European companies (capital). Most of the industries came after World War II and by then the development of colonial relations of production had

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1. Hancock, W.K. (1977) 'Development and Welfare' in Konczacki, Z.A. An Economic History of Tropical Africa (2 volumes) vol. 2, The Colonial Period, Frank Cass London, p. 32.

matured sufficiently to support them. This was made possible only as a result of a long process whereby pre-existing organisation of production was being replaced by colonial capitalist relations of production. For instance, immediately after conquest, the processing of raw material for export by the companies was carried out by local skilled labour. These were skin flaying, groundnut decorticating, cotton ginning, and silk degumming and a host of others.

Factory production mainly centred around textiles, food processing, wood and metal working, leather working and construction. The following companies were established.[1]

1949 P.S. Mandrides Co. Ltd. (groundnut oil & Cake)

1951 Nigerian Oil Mills (" " ")

1950 Kano Citizens Trading Co. Ltd. (textiles)

1952 W.J. Bush & Co. Nig. Ltd. (Cosmetics & Perfumes)

1953 Kano Oil Millers Ltd. (groundnut Oil & Cake)

1954 Nigerian Shoe Factory Ltd. (Leather goods & Shoes)

1955 Chattalas Brothers Ltd. (Sweets)

1956 Nigerian Canning Co. Ltd. (Food Preservation)

1956 Steel Construction Co. Ltd.

1957 Nigerian Bottling Co. Ltd. (Beverages)

These industries completed the process of stiffling cottage-based industries. But it also initiated modern capitalist processes in this part of Nigeria.

The state was instrumental in facilitating the establishment of these factories backing them up with necessary

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1. Listed by Bello, Sule 'The State and the Economy..p.235

legislations and policies, for example, in a memorandum dated February 22 1937, it was stated that it was good policy to foster any new industry which (might) employ local labour and consume local products by making its introduction as easy as possible.[1] British control of these enterprises was ensured by the colonial state which insisted that such enterprises be "grantees of a patent in the United Kingdom,"[2] and that "overseas capital, skills and experience" were necessary to ensure the success of this new development.[3] Several laws were enacted to allow for importation of machinery with low customs duty, with minimal or no tax at all for sometime and for the protection from commodity competition from more establishment industries outside the colony. Most of the laws were enacted towards the end of the colonial period, that is, just before independence. These were: The Industrial Development (Income Relief) Act, 1958; Industrial Development (Import Duties Relief) Act, 1957; Customs Duties (Dumped and Subsidised Goods) Act, 1958; Customs (Drawback) Regulations, 1958 and the Income Tax (Amendment) Act, 1958.

Quite clearly the peasants' future economy and society were being mortgaged in the process of transforming the pre-capitalist social formation. These laws were implemented to achieve these objectives. On top of these laws and various legislations, various government parastatals were set up

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1. NAK Kanoprof. 5/1/4185 Soap Industry Quoted in ibidems p.236
2. Ibid.
3. Ibid.

and their facilities were designed to function as investment houses, financing and investing in various projects. These were: the Nigerian Local Loan Development Board, 1946-51, the Northern Region Development Board, the Northern Nigerian Development Company Limited, 1955.[1]

The Precariousness that merchant capital created for the peasantry in Kano was as a result of the practice of 'indirect rule' resting its power on the masu Sarauta in the Native Authority. Since for merchant capital to exist, it must accumulate, this led to the spread of commodity production for export. It was not out to accumulate by revolutionizing production, but by controlling markets.[2] This relationship of unequel exchange and British domination of the colonial economy generated certain contradictions which were not resolved until the 1960's and 1970's. This is our concern in Chapter 6, 7 and 8.

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1. NAK: Kano prof. 5/4/85 p. 237

2. For a treatment of Merchant Capital and Underdevelopment See, Kay, G. (1975) Development and Underdevelopment: A Marxist Analysis. Macmillan, London pp. 66-124.

CHAPTER VI

THE COLONIAL STATE AND THE ESTABLISHMENT OF A CAPITALIST TIN INDUSTRY IN NIGERIA.

6.1. INTRODUCTION:

J.D. Falkner wrote in 1923 about the discovery of the straw tin among the natives of Benue and Jos Plateau:

> The straw tin was purchased by local smiths and traders for eight pence a pound. The smiths made it up into rings and bracelets and also used it as solder. The traders carried it all over the country where there was a constant demand for tinning brass bowls, jugs, and lamps. Laterly, considerable quantities were taken to the European trading stations on the Benue where it was bought from the native traders at 1/- per lb. and it was this Benue trade in straw tin that first drew the attention of the Niger Company to the probability of the occurence of tin-stone in the interior of the Protectorate and thus led directly to the opening up of the Nigerian tin fields. However, after the richest alluvial land had been parcelled out amongst European companies, complaints began to be received by the Administration in respect of the Liruei (Ririwain) smelters who were accused of buying tin-stone which had been stolen or poached from European properties. Several attempts were made to reach an amicable arrangement but without success, and ultimately the native industry was suppressed, the furnaces broken down, and the Liruei (Ririwain) smelters pensioned off for life.[1]

As we established in Chapter 5, the colonial economic system included cash-cropping, forestry, mining. The production of cash-crops was left in the hands of the Nigerian peasantry largely because the Indirect Rule system required minimum disruption of the traditional land tenure, system, and there were no ready alternatives to the traditional methods of cultivation employed by the Nigerian peasantry. However, forestry and mining, which were less tedious more lucrative

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1. Falkner, J.D. (1923) Geological Survey of Nigeria

and more capital-intensive, became dominated by British capital.

We analysed in Chapter 5 how colonial rule heralded the intensification of capital penetration into rural agriculture in Kano Province. When we turn our attention to the Bauchi Plateau area of Northern Nigeria, we see that tin mining constituted the most developed form of capital--labour relations in primary production during the colonial period in Nigeria.

European travellers and traders in Northern Nigeria during the later half of the nineteenth century, noticed the 'straw tin'[1] being used by the Hausa for tining brass ornaments, but assumed it was brought over the desert from the Maghreb. Towards the end of the century however, it became clear that tin had been mined and smelted at Ririwain-Kano and Ririwain-Dalma for a long time and traded as far away as the Nile, Tripoli and Ashanti.[2] Despite indications in the writings of explorers and travellers about the two Ririwais - Kano and Dalma, commercial interest was slow to develop in the tin trade until the Royal Niger Company's representative in Nigeria reported that tin had been purchased regularly at Kunini and Lau since 1889. Macdonald informed the company's headquarters in London of his new find in the following words:

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1. 'Straw tin' refer to the straws of tin, nine inches or so in length in which form tin was smelted and traded. The mould was made by inserting grass straws into mud.

2. Hodder, B.W. (1959) 'Tin Mining on the Jos Plateau of Nigeria' Economic Geography, vol. 35,

> Tin... a new product seemed to me to be of excellent quality $3\frac{3}{4}$ tons shipped as first shipment. It is brought in by the native of the Muri Province.[1]

Although there were several favourable reports that followed Macdonald's report on the potentials of tin export, the Royal Niger Company and financial institutions in the City of London were not keen to invest in its production. This apparent lack of interest was largely due to two factors: (1) lack of incentives by the colonial government to British capitalists; and (2) the high cost of Ririwai tin straws (£100 per ton). Thus, further development could only take place with the institutionalisation of a colonial state in the wake of the revocation of the Royal Niger Company Charter and the commencement of a truly colonial hegemony in Northern Nigeria.

We earlier discussed the issues that surround the revocation of the Royal Niger Company's Charter, and this need not delay us here. However, it is relevant to note that during the negotiation between the Company and the British government on the takeover of Northern Nigeria administration, the Company settled for £865,000 and on the condition that the Niger Company received half of the government revenue from mineral exploitation for 99 years.[2]

The British government gave in to the Royal Niger Company's claim to half of the royalty from all minerals in Northern Nigeria at the time because it was politically necessary.

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1. Public Record Office (PRO), Foreign Office (F.O.) 84/2109 Claud Macdonald Report, 9, January, 1890 pp.287-92

2. Pedler, F. (1974) The Lion and the Unicorn in Africa, Heinemann, pp. 136-137. See also Sir Charles Orr (1965) The Making of Northern Nigeria, Frank Cass & Co., p.281.

The Royal Niger Company's role in establishing and expanding British hegemony in Northern Nigeria had been taken to include a surrender of all mineral rights in all the treaties the company signed with the Emirs and Chiefs.[1] Thus, the company's claim to have owned mineral rights requiring compensation was grudgingly accepted by most members of the British Parliament.[2]

The deal between the British Parliament and the Niger Company was regarded by many as contracted in bad faith. Sir Percy Girouard considered the deal a "fraud on the public that ought to be revoked by Parliament."[3] This situation was to remain unchanged until 1950 when the colonial government realised that its hegemony was coming to an end in Nigeria, bought the mineral rights from the United African company (UAC the successor to the Royal Niger Company) for £1,000,000 raising its total profit over the years from royalty payments to £3,250,000. The irony of it all was that the colonial government raised the money from London money market, which meant that the Nigerian peasantry and workers had to buy back their own mineral resources with their labour.[4]

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1. List of the treaties made and of the various forms used are given in Hertslet, Sir Edward, (1967) The Map of Africa by Treaty, 3rd Ed. Frank Cass, vol. 1, p.122-5

2. For early treaties in Northern Nigeria, See R.A. Adeleye (1971) Power and Diplomacy in Northern Nigeria 1804-1906 Longman See Hertslet also.

3. Lugard's view comes out in Lugard to Lady Lugard, 20 January, 1913 in Perham, Margery (1960) Lugard: The Years of Authority 1898-1945, Collins London p. 403.

4. Parliament, House of Commons, Hansard, Debates March 22, 1950, vol. 472 page 1962; See also Mining Journal, vol.2, No. 34, February, 17 1950, p.170.

The rest of this chapter concentrates on the following:

(1) the native tin industry;

(2) the dismantling of the Native Tin Industry and the capitalist take-over of the tin industry.

(3) labour recruitment and taxation in Bauchi/Plateau areas

6.2. THE DISMANTLING OF THE NATIVE TIN INDUSTRY IN JOS PLATEAU

(A) The Native Industry:

Prior to 1910, the town of Ririwain-Dalma (or Ririwain-Bauchi) on the Eastern front of the Shokobo and Saiya Hills was the centre of an indigenous tin industry in Jos Plateau. The native tin industry was first carried on in the town of Ririwain-Kano, 30 miles or so north of Jos, where it was established in the early part of the last century by skilled smelters from Kano. These smelters obtained their tin ore from the surrounding streams, as well as from the neighbourhood of Burra and Ningi. Due largely to the exhaustion of tin around Ririwain-Kano, the smelters moved to Ririwain-Dalma. Here the smelters established three huge furnaces whic were found sufficient to meet the demands of the surrounding markets. After 1900, as Northern Nigeria became more settled under British occupation and trade routes, especially to the Benue were opened up, the native tin industry boomed and in 1910, there were seven furnaces working day and night. The smelters obtained their ore from tributers, or native washers, mostly Hausas (from Kano) who worked the stream beds in the neighbourhood of Zelau, Baddiko, and Rafin Jaki.

The growing native tin industry employed three basic stages in the production of tin products: (1) prospecting, washing and separation at the mining site; (2) smelting, which transformed the black tin into pure tin metal; and (3) smithing, which re-smelted tin and fashioned it into various objects. We can briefly examine the three aspects of tin production separately.

Tin prospecting and mining involved a range of skills and considerable amount of labour. Men from Ririwain-Dalma and Ririwain-Kano travelled long distances prospecting for tin. Although they did not possess modern geological instruments for locating the tin ore, nevertheless these Hausa prospectors possessed, through the accumulated knowledge of generations, an excellent sense for where significant bodies of tin ore might be found.

The method of mining the tin ore was quite sophisticated in some cases. For example, it has been discovered in the vicinity of Ririwain-Kano that underground mining was developed. Shafts were sunk and galleries driven deep into tin bearing gravels, some long in disuse when uncovered by recent open-cast mining in the area.[1] In general though, alluvial mining (open cast) predominated. In order to eliminate impurities by washing, prospectors would dam back a stream, control the water with a canal and allow it to race through a downward sloping channel. They also deviced artificial sluices when there was no adequate water flow.[2]

1. This technique is called 'lotoing'. For description See Bernard Fagg, (1946) 'Archaeological Notes from Northern Nigeria' _Man_, XLVI May-June,

2. Fagg, B. (1960) 'Mining For History' _Nigeria, Special Issue_, p. 36.

Simpler washing operations were done in specially fashioned calabashes. The resultant 'black tin' was mixed with water and pounded into cakes to prepare for smelting. According to Duff, one of seven operating smelters consumed about 280lb of black tin daily. If Duff's estimate is correct, the labour of hundreds of people was required to feed the Ririwain-Dalma smelters.[1] What this means in effect was that the Native Tin Industry was a substantial employer of labour.

The traditional smelting method was also quite sophisticated by all accounts. Trevor Roberts, (a colonial official) preparing a report on the possibilities of using traditional smelting techniques for the Mines Department during World War I, summarised the relationship between the miners and the smelters at Ririwain-Dalma as follows:

> The greater portion of the tin-ore smelted in these furnaces was won by the inhabitants of Liruei-n-Delma itself, who, owing to the poverty of the local streams; had to go some considerable distance for the concentrates.
> Each of the furnaces was the property of one of the leading men of the village, who allowed ore to be smelted in it on the following terms: - the miner who wished to have his ore reduced would bring to the smelter sufficient concentrate at one time to make a convenient charge...; the resulting metal, together with half of the clinker, being handed back to the miner, while the other half of the clinker was claimed by the furnace owner as his commission. In addition the miner paid a fee of one shilling to each man employed in the operation of smelting... If the owner of the concentrate took a hand in the smelting.. which was also customary - he would save the cost of one man and be one shilling to the

1. According to Duff, one of seven operating smelters consumed 280lb. of black tin daily. The earliest European efforts suggested that a miner could produce 20 to 25lb of black tin a day. RH:NC papers MS. Afr. 8.85, Laws report: "Alluvial Tinstone Deposits of Northern Nigeria", Imperial Institute Bulletin, v.2, 1907, p. 182.

good in consequence.[1]

The development of smelting, which transformed 'black tin' (tin ore) into nearly pure metal, was the crucial process which made possible the practical use of tin. This enables us to speak of a native tin industry in pre-colonial Nigeria. While prospecting, washing and smithing took place in a variety of locations, tin smelters were definitely known to have existed only in Ririwai-Kano, Ririwai-Dalma and Baddiko.[2] While the cost of transport militated against the organisation of smelting far from tin-bearing creeks, the social organisation of the industry also made profit margin difficult for both miners and smelters.

The final aspect of tin production was the transformation of tin straws into objects of pure tin or tin alloy. Tin was used in the manufacturing of horse gear. It was made into sheaths, rings, bracelets and mixed with other metals as a finishing for bowls, jugs, lamps and plates. It was widely used as solder in conjunction with iron. Only a limited amount of tin smithing went on in both Ririwain Kano or Dalma.[3] Smithing took place in Kano and Bauchi and was especially well developed in Bida by the Nupe craftsme

1. Roberts, Trevor Reports in Cock to Secretariat, Northern Provinces 16 September, 1918, reproduced in Chales K. Meek, (1925) <u>Northern Tribes of Nigeria</u>, Oxford University Press, pp. 1-2.

2. According to Roberts, the Baddiko furnaces functioned only during the years that Ningi raids threatened operations in Ririwain Dalma, p.1.

3. Interviews with Sarkin Ririwai-Kano, Lovejoy - Maccido tape collection Interview with Ciroman Tilden Fulani, Tambo-Okuboye tape collection. <u>Northern History Research Scheme</u>, Ahmadu Bello University, Zaria.

Trade, both in tin straws and manufactured products made out of tin, was overwhelmingly regional in character. Most of the tin produced in the Plateau region remained in the central Savana. Little, if any, left West Africa until the eve of the colonial conquest. The high price of local tin in the second half of the nineteenth century reveals the absence of integration into a world market.

The implications for the Nigerian political economy were several. From our analysis, there is no real indication of a nineteenth century trade revolution in this part of Nigeria as some writers have claimed.[1] In the first year of colonial domination, we see a significant change; production at Ririwain-Dalma increased substantially after 1900. The establishment of Ririwain-Dalma might or might not have been in response to an increased demand for tin in the nineteenth century, but there is no suggestion of any qualitative transformation in the character of production.

From the above analysis, we can clearly state that capital existed in nineteenth century Northern Nigeria, but capitalism as a mode of production depended on the systematic alienation of labour from subsistence agriculture and causing the dissolution of social relations. This had not really begun to devleop, contrary to the suggestion of some economic historians.[2] The point is worth making because it is our contention that colonialism brought about the incorporation

1. For instance Paul Lovejoy (1985) in The Hausa Kola Trade, Ahmadu Bello University Press.

2. Tahir, Ibrahim (1976) 'Scholars, Sufis, Saints and Capitalist in Kano 1904-74, Pattern of a Bourgeois Revolution in an Islamic Society;' Ph.D. Thesis, Cambridge University.

of the Nigerian productive process into a larger world capitalist system. And that it was this forceful incorporation that initiated the kind of dependent capitalism that Nigerians have been experiencing ever since. However, before we elaborate further on the totality of the capitalist process in Nigeria as a whole and in the tin mines of Jos Plateau in particular, we need to briefly describe the conquest of Jos Plateau because it was this conquest that made the dismantling of the native tin industry possible.

(B) The Conquest of the Jos Plateau:

The first act of the colonial state in Northern Nigeria in general and in Jos Plateau in particular was to consolidate its position through further aggression against the indigenous people that dared to resist the colonial authority on any issue. The numerous distinct peoples of the Plateau had fierce traditions of independence most of them had never organised a centralised state but had been successful in resisting incursions from the armies of the Fulani/Hausa emirates on the plain. But they had to submit to the British at the point of bayonets. Soon after the colonial state was formally instituted, British miners began to exert pressure on the colonial government to make a speedy and violent conquest of the Plateau in order that their operations could proceed safely and undisturbed.

Thus, Temple, the first Resident of Bauchi, embarked on an expedition to the northern fringe of the Plateau area. In April 1902, the Jarawa of Jengere Hills were attacked, their villages burnt and an estimated sixty-five people were killed by the colonial soldiers. A similar fate befell the people living on the Shere Hills where a government messenger was killed. Temple stormed Shere Hills with his men, killed an estimated one hundred and thirty people and destroyed their villages.[1] Similar atrocities were carried out by Nicolaus - a mining engineer which captured Ririwain-Dalma- (the centre of the Native Tin Industry) and terrorised the people in the area in an effort to establish a 'safe' commercial route from Keffi to Bauchi, skirting the Plateau. This forceful clearing of the way by Nicolaus and Temple expeditions had the salutary effect of warning the indigenous people about what would happen to them if they resisted the establishment of mines camps further.

Further action was taken against the people of Jos and Gyel in 1904. Earlier, the people had risen against the Niger Company employees and prospecting had to stop in the area. The company's representative, Laws wrote to Lord Scarborough, the Company Chairman on the need to convince Lugard of the necessity of an expedition to the North Western Plateau. Lugard promptly sent an expedition with two objectives: (i) to restore prospecting activities in the Bukuru-Jos area; and (ii) to clear a route south that would enable porters to reach the area without a long detour around the Plateau. The first object for attack was Gyel, a new and expanding settlement on bad terms with nearby Bukuru, where the Niger Company was doing good business. Gyel was razed and over 100 people died and as many injured. The same expedition launched an even more

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1. Morrison, J.A. (1922) 'Early Tin Production in Langa Langa' In <u>Up Against it in Nigeria</u>. Allen & Unwin, London p. 6-7.

brutal attack on Ganawurri, Kwall, Nafam, Zigam and Sura peoples until the hope for prospecting and the desire of halving the distance between Bauchiand Lokoja was attained. In the attack on the Ganawurri, Laws admitted in his diary that "casualties were not counted out of consideration for higher authorities." It was said that Lugard did not like to hear of atrocities on this scale, but given the urgent demands of the prospectors, he backed them to the hilt.[1] The old chief of Gyel was brought to Tilde in chains where he died shortly thereafter in a state of shock. To this, R.A. Archbold, Laws' close collaborator, wrote "good riddance."[2]

From 1907, the main tin mining zones and transport routes were relatively secure. However, there continued to be expeditions aimed at assisting miners to work in outlying areas and forcing villagers to acknowledge British rule and to pay their taxes. However, in the Nikada region just to the South West of the Plateau, the people refused to acknowledge British rule and attacked the camp of one S.W. Campbell, a mining engineer. Campbell was killed along with some of his African workers. The government immediately launched an attack on the Mada villages killing an officially admitted figure of 142 people. However, despite this brutality, the Mada Hills remained closed to prospectors for security reasons until 1929.[3] With this

1. NAK: SNPG., 147/1907: "You say it is all important to open the direct route and I have consequently sent an expedition through" Lugard to Scarborough, 23 February 1905.

2. NAK: SNP , 2350/1905 There is also an account in opening up and bringing under control of Administration the district of North East of Nasarawa and South West of Bauchi Province.

3. Mada Hills was closed to Prospector [illegible] il August 1929.

expedition, the last group of people of the Plateau to resist British take-over of their territory, were crushed. The stage was thus set for the take over of the native tin industry by British mining companies.

(c) THE CAPITALIST TAKE-OVER OF THE NATIVE TIN INDUSTRY

> .....In 1904-5 the survey detected the presence of tin-stone in some of the rivers of southern Muri, and traced the alluvial deposits of Naraguta as far as Ngell to the South. In 1905-6 its presence was found in the rivers leaving the Plateau in the neighbourhood of Danoro, and its occurrence was also noted around Aribi and Gantam in northern Nassarawa and in the neighbourhood of Eri in eastern Ilorin. In 1906-7 tinstone was located in the streams over a large area in northern Nassarawa, and the eastward extension of the Bauchi tinfield was traced as far as Lere on the Upper Gongola. In 1907-8, the tinstone in eastern Ilorin was further investigated, on account of its proximity to the Niger, and was found to be derived from stanniferous pegmatites in the neighbourhood of Eri. In the same search extensive alluvial deposits of tinstone were located around the Ningi Hills in northern Bauchi, and similar occurrences were noted amongst the Jengre Hills in Western Bauchi and on the high plains of Zaria beyond the Western limit of the Plateau. In 1908-9 the occurrence of tinstone in the Kwandokaya Hills and in the neighbourhood of Polchi was confirmed by the survey, and its presence was noted in the alluvium around Fagam in northern Bauchi. Traces of tinstone were also detected in the streams leaving the eastern slope of Veve Hills in Yola Province.
>
> The development of many of the tin areas reported on is now in active progress, and this development will be materially aided by the construction of the branch railway to the Bauchi District, which it is expected will be completed next year.[1]

It is clear from the above report that the colonial government of Northern Nigeria did undertake an extensive geological survey and exploration in order to locate the

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1. Dunstan, W.R. 'Reports on the Results of the Mineral Survey of Northern Nigeria, 1907-8 and 1908-9' in Colonial Reports - Miscellaneous, No. 79. University of Ibadan Library.

sources of tin-stone in the Jos Plateau/Bauchi and Ilorin areas while the conquest of Northern Nigeria was still in progress as we mentioned earlier. The result of the surveys and the brutal conquest of the Jos Plateau/Bauchi areas created an atmosphere within which British individual miners and mining companies could operate. At first, the conquest of the Jos Plateau/Bauchi was a boom to the Hausa miners in Ririwain-Dalma for it gave these indigenous miners direct access to the Plateau tinfields. They could now move freely up and down the various rivers to the tin sources in the highlands. As a result of the new atmosphere, there was increase in production of tin ore.

The conquest of Jos Plateau also intensified the Niger-Company's interest in the tinfields. Between 1900 and 1903 the company was granted an Exclusive Prospecting Licence (EPL) No. 1 over a 1000 square miles fixed from a beacon in Baddiko by Lugard, the High Commissioner for Northern Nigeria. In order to establish its stranglehold over the tinfields, the Niger Company bought out other concession holders. And having established its dominance over the tinfields the company sent one of its engineers, George R. Nicolaus, to investigate and report back to London the quality and quantity of tin ore deposits. Nicolaus, on reaching the Plateau, set to work and quickly discovered rich tin ore deposits at Ririwain-Dalma and at Tilden Filani. By this discovery, Nicolaus recommended that the Niger Company put in for new concessions which stretched from Tilden-Filani to Naraguta and Jos, on top of the Plateau. These decisive concessions were approved in June 1903[1] and with this

1. RH.MS Afri. 85 NC papers Annual Reports, June, 1903.

concession, the Niger Company gained control over the centre of the tinfields.

Having received Nicolaus' report and having gained more land for prospecting, the Niger Company sent mining engineer named H.W. Laws to establish a viable tin mining operations at Tilden. Laws could not travel to the Plateau without military assistance from the colonial government. Thus, he was supplied 25 Yoruba troops to escort him and his 600 carriers to Tilden. He quickly organised a labour force of about 100 men to pan the river. Using local brush as fuel, he established an experimental smelter and began to test the commercial prospects of Nigerian tin. He later moved his operations to Naraguta (the centre of the tin mines) and established his headquarters at Jos where he established a smelter and a saw mill.

To maximise his production once at Naraguta, Laws had to deal with three problems. The first was to secure the safety of his mining operation, his labour and his transport from the indigenes of the Plateau. The second problem was dealing with the intense indigenous competition and thirdly, to find adequate labour for his operation. With the assistance of British forces in Bauchi Emirate as well as prominent Niger Company officials in London and in Lagos, Laws soon had, at least, some protection from the indigenous Plateau population which had been invaded and largely dispossessed of their land by the British colonial government.

After the conquest of the Plateau, Laws wished to use the Hausa miners in a number of ways. Briefly these were, first, to help him find the tin, secondly to negotiate if possible with the Plateau peoples for access to the tin, thirdly to sell the tin mined to him and finally, to smelt it for him in their furnaces. Laws was successful in his aims, and because of this success, he recommended that the Niger Company go into tin production. However, Lord Scarborough (the Chairman of the Niger Company) explained his policy in a letter to Laws. For Scarborough, the role of the Niger Company was to locate the tin, then the company would test its quality and quantity and then 'bring in outside enterprise to work the field on a large scale' while continuing to locate, prove and secure exclusive prospective licences, subsequently selling or working the property. Scarborough informed Laws that it was advantageous to the Company and all concerned if he could help all British companies to get involved in mining the tin because of the royalty arrangement with the government.[1]

The Niger Company's hold over the tin fields of the Plateau and her lack of interest in mining the tin itself led to negotiations with the London financial houses to sell prospecting rights and open up the tin fields to interested mining companies. The first company to invest in the Nigerian tin mines was Champion (Nigeria) Tin Fields. The company, jointly with others, sent a mining engineer C.G. Lush to the Plateau in 1909. Lush returned to Britain with good news for the financiers hoping to invest in the Nigerian tin fields. Lush informed the mining companies and financiers in London that the Plateau was rich in food and water, enjoyed an excellent weather, good for Europeans and that it was probably the richest tin field in the world.[2]

1. West African Mail, iii, 122, 2 y - 1905.
2. Calvert, A.F. (1910) 'Tin in N a' Mining World, 5 November

The effect of Lush's report was that other mining engineers who came to Nigeria on behalf of various mining companies and sent back to London reports that stimulated more interest among the financial houses and mining companies who now vied with one another to acquire vast areas as concessions to be worked at a future date. To avoid taking risk on the ground, the companies pooled their resources together and formed a mesh of directorates as the number of companies formed to work a particular property mushroomed.

As interest in the Nigerian tin grew in London, the colonial government issued two Exclusive Prospecting Licences to Lucky Chance - a Champion offshoot, and the Niger Company. By June 1910 the Niger Company had finalised the sale of its surest piece of property, Naraquta, to the Naraguta (Nigeria) Tin Mining Company, for £30,000 and shares in the company. By 1910, 99 Companies had applied for an Exclusive Prospecting Licence (EPL).[1] Between 1910 and 1911, some 200 European prospectors were at work in the tin fields of Jos Plateau, often acting as agents for several firms at once.[2] Later in 1911 it was estimated that £3 million had been placed in Nigerian tin stocks in London, and by the beginning of 1912, Nigerian tin shares were the most actively traded stocks in London.[3] (See Table 6.1.)

1. Calvert, pp. 403-05.

2. Calvert p. 186, PRO:CO. 446/90. Bell to Earl of Crewe, tele. 10 June 1910.

3. RH:MS. Afri. 889. NC Papers - Agent General to Scarborough. 1 May 1910.

TABLE 6.1

LEADING EARLY TIN PRODUCTION COMPANIES

	Name of Company	Tin produced in Tons (To April, 1914)	Share Capital in pounds £	Av. Profit of 109/ton percentage of share capital realised by 1914.
1.	Naraguta(Nig.)	1,972	175,000	122.8
2.	Rayfield(Nig.)	1,146	400,000	31.2
3.	Northern(Nig.) Bauchi.	1,030	225,000	49.9
4.	Bisichi Tin Company	895	200,000	48.7
5.	Naraguta Extended	622	175,000	38.7
6.	Jos Tin Area (Nig.)	615	110,000	60.1
7.	Ropp Tin	469	30,000	170.4
8.	Forum River (Nig.) Tin	416	75,000	60.5
9.	Kaduna Syndicate	394	10,000	429.4
10.	Juga (Nig.) Tin and Power.	330	300,000	12.0

Source: Freund, Bill (1981) Capital and Labour in Nigerian Tin Mines, Ibadan: Longman. P.38.

One of the major factors which contributed to the interest shown by the City of London financiers and mining companies in Nigerian tin after 1910 was the coming of the railways. Early reports constantly emphasised the need for railway construction if mining on the Plateau was to prosper; and subsequent railway building in Nigeria was influenced a great deal in its pattern and timing by the need to reach the Jos Plateau. By 1911 the tin could be carried to the railway at Rigachikum and exported through Baro on the Niger after 1912. It could then travel by rail from Rigachikum to Lagos. But it was not until 1914 that a railway line, the Bauchi Light Railway (2'6" gauge), reached Jos and Bukuru. Finally the opening up to the Kafanchan-eastern line to Port Harcourt, from where all tin is now exported. This 1927 rail link with Port Harcourt, stimulated the export of tin by reducing rail freights from £11 to £8 per ton; exports rose from 10,929 tons in 1927 to 13,069 tons in 1928.[1] This connection with the east was also designed to put the tin fields in touch with chief sources of Nigerian coal at Enugu. This, it was hoped, would provide power for the mines and encourage the growth of tin smelting at Enugu.

The increasing interest of British companies in acquiring Exclusive Prospecting Licenses and the coming of the railways.

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1. Hodder, B.W. (1959) 'Tin Mining on the Jos Plateau of Nigeria' Economic Geography, vol. 35, p. 110.

created problems for the native tin industry. Before 1914, the tin that was produced in Nigeria could, in fact hardly be described as being 'produced' by British miners or prospectors. Most British miners concentrated on prospecting and all development linked tightly to the doings of the London share market. Little of the over burden the covering layer of ground, was removed and little machinery introduced. What tin ore was exported came largely from the efforts of the Nigerian labour force that prospected and washed in the old ways, albeit on a much extended scale. In fact we can only speak to a very limited extent of capitalist relations of production at work in the early stages; the mining companies were making their super-profits through their oligopoly control of land and their exclusive rights to export tin, in other words through the exercise of force. As A.F. Calver wrote:

> early British miners in Northern Nigeria were only doing on a large scale what the blackman with his limited resources has been doing for generations.[1]

In this context, little machinery was introduced into the minesfield other than picks, shovels and headpans.

Because the British miners failed to bring in machinery into the tinfields early, the native miners and smelters performed better in producing tin. And it was the native

1 Clavert A.F. (1912) Nigeria and Its Tin-field, Stanford, London p. 137.

tin producers that created stiff competition for the British miners. Consequently, the native competitors had to be stopped. As early as 1906 Laws, representing the Niger Company, had made the point that competition -with Ririwain-Dalma in the exploration and production was inevitable but most unwelcome.

Although most of the richest alluvial deposited had been divided amongst the British companies, nevertheless, complaints began to pile up at the High Commissioner's office in respect of the Ririwain-Dalma smelters buying tinstone which was alleged to have been stolen or poached from British companies property. Thus, in 1908, the native tin workers at Ririwain-Dalma were told by the Provincial Government in Bauchi that they could not continue to mine in an area over which a British company had 'rights'[1]. The Nigerian tin workers protested but the government did not respond. In 1910 the Sarkin (Chief) of Ririwain-Dalma had become desperate (as his people were deserting his village due to lack of prospects) and reported to the Resident in Bauchi that the white men of the tin company had ordered his people to stop working on the River Delimi. He offered to explain to the British Resident the history of his people's rights to this river, but again, he was ignored.[2] By this time, the Naraguta Tin Mines Company was operating at full capacity and together

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1. 'The Naraguta Tin Mines', Northern Nigeria Official Diary September 2, 1908.

2. Northern Nigeria Official Diary, May 16, 1910

with the newly arrived horde of companies eager to participate in the tin boom, they soon stripped Ririwain Dalma and its people of what industry and land rights that remained to them.

The colonial government largely turned a blind-eye and a deaf ear to the claims of the indigenous people to mining rights. The government had sold licences to mining companies and collected huge sums of money from them. To save face, the colonial government granted to a single indigenous smelting concern, out of seven, that of Ririwain-Dalma, one hundred acres of land to mine. However, the inhabibants of Ririwain-Dalma realised that the land granted them was extremely poor in tin ore.[1]

The consequences of dispossessing the native miners and smelters was that by 1911, most of the Ririwain-Dalma workers had become tributors[2] for the Tin Area of Nigeria Ltd., and sold tin to this company at much below the market price. By the arrangement which was made, they were permitted to explore the company holdings provided that whatever they won was smelted and sold to the company.[3] Not surprisingly, this agreement was shortlived. Many of the tin workers found it more profitable to simply work as tributors for any company they wished to. The smelting furnaces of Ririwain Dalma were no longer needed by the Mining Companies who

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1. Hastings, A.G.G, (1929) 'Tin Stone' Empire Review, 49, January - June, p. 400

2. A tributor took up contract work for the mines. He was paid a predetermined amount for the tin ore he produced and he usually employed gang of labourers to carry out the work.

3. NAK. Jos Provincial Papers (Jos Prof) 31/1915

used to buy the product and were forced to close down never to be reopened. Finally, in 1914, the government of Bauchi Province cancelled the hundred acres granted the people of Ririwain-Dalma and replaced it with an annuity.[1] By the 1920s the people of Ririwain-Dalma had come to base their livelihood on farming.[2] Thus, the only Nigerian rival to the incoming British tin miners had been destroyed. The control of tin mining in Nigeria was now firmly in British hands.

We cannot adequately explain the process of the dismantling the native tin industry witheout locating the role of the colonial state, if only briefly. The role of the colonial state was dual in character: (1) to conquer the native who resented their presence and (2) allocate their land and other resources to British companies under licence.

The colonial government policy in the above case seems to have been one of omission rather than commission. The annual reports of the first 12 years of British administration in Northern Nigeria made no mention of what government policy towards indigenous mineral exploitation in general might have been. Lugard, of course, had already made the definitive statement - in his first <u>Political Memoranda</u> in which he said:

> Minerals can only be discovered and exploited by the science and capital of Europeans, and to them the government can provide at once more security and more control than native chiefs and can allocate the royalties for the good of the country as a whole.[3]

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1. NAKm Jos Prof 31/1915

2. Hastings A.G.G. p. 400

3. Perhan, M. (1937) <u>Native Administrat</u> <u>n Nigeria, p.317</u>

Thus, Africans need not apply. The role of the colonial state in Nigeria then was to assist the European entrepreneurs and "protect the native occupier of the land form injury resulting from mining operations"[1] Such injuries were bound to occur if the indigenous peoples were allowed to exploit the mineral wealth for themselves. The "good of the country" was really the further entrenchment of colonial dominance over all facets of Nigerian life.

Before we leave this section of our work, let us examine two other factors in the colonial political economy that contributed to the establishment of a capitalist tin industry in Nigeria: Labour and Taxation.

6.3. LABOUR AND TAXATION

We have demonstrated above how the native tin industry was dismantled at the point of the bayonets. The British mining comapnies and the colonial government benefited from this violent conquest and pappropriation of the Plateau peoples. The British mining companies needed indigenous labour for their mines, just as much as the colonial state needed labour for the construction of roads and the railways. Both the colonial government and the private mining companies gave encouragement to the development of wage-labour in the Jos Plateau.

The conquest of the Plateau peoples by British soldiers paved the way for the establishment of British dominance over a wide area and ethnic groups. With the submission of the

1. Lugard, F.G. (1965) The Dual Mandate in British Tropical Africa, 5th Ed. London, p. 350.

Biron, the Anaguta and all those near to the Niger Company's tin operations, it became easy for the company to recruit labour locally. Prior to the conquest, Laws - the Niger Company's representative had been using contract labour brought from as far away as Lokoja.[1] The conquest also brought about a situation in which there was increase in prospecting during which newer and richer tin fields were discovered on the Plateau.[2] By making land easily available through issuance of leases, the companies had to look for labour to help work the new mining leases.

Initially, the Niger Company was encouraged by the response of the Plateau people to working in the mines. Archbold (an assistant to the company's representative) remarked that the Plateau peoples were excellent workers and could be profitably employed.[3] However, their optimism soon faded away as the 'new tin workers' began to return to their farms as the first rains fell on the land. Consequently labour became scarce on the Plateau. Many of the indigenous people of the Plateau had been forced to work the mines in the first place and would not return unless forced. Another factor which accounts for the people's refusal to go to the mines, was the availability of non-indigenous peoples - mostly Hausa miners whom

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1. Naraguta Tin Mines, First File of Letters, Jos Museum Jos, Laws to Scarborough, 15 May, 1906

2. Naraguta Tin Mines, First File of Letters, Jos Museum Jos, Laws to Scarborough to Secretary, 15 June, 1906

3. Ibid. Archbold to Secretary, December 3, 1906.

the mine owners even preferred because they were less erractic. Also, there were two less obvious factors accounting for the lack of indigenous labour - fear and food.

With the numerous British punitive patrols roaming the Plateau, trade patterns of the 19th century were severely disrupted. Commerce between -neighbouring villages had virtually come to a stand still. Crops had been destroyed by the patrols,salt and grains had to be found in other ways. From the beginning, the Niger Company representatives usually paid in kind, thus driving a number of villagers to the mines for salt and grains. By the middle of 1908 however, trade patterns were returning to normal and the necessity for mine work purely for the purpose of earning salt and grains no longer obtained.

And the increase in the number of companies, payment in kind was no longer feasible. Wage labour was introduced but the Plateau peoples has as yet no use for cash. The flood of migrant labour then began. Hausa miners and traders came as far as Kano and Zaria to either work in the mines or set up mobile shops around mining camps. It was these Hause traders that supplied the Plateau people a few essentials in exchange for foodstuffs.

These migrants also helped to mitigate the second factor that had taken the indigenes to the tin field - that of fear. The Niger Company had played a crucial role in the military conquest of Plateau, and the Plateau peoples showed great fear of the whitemen and their weapons. According to Morrison, the young men of Anaguta went to work in the mines because they were afraid of the Europeans. More indirect methods were also used. Morrison cited the Biron village of Gwang as an example of forced labour. In this case, the Gwom (Chief) had forced the young men of the village to go to work in the mines by calling on every hut or household to send one young man each to work in the mines. The government in the early stages did not exercise any authority in the minesfield. However, by 1906, British Residents began to raise eye-brows over unauthorised forced labour. Oliver Howard, the Resident of Central Province, addressed the people of Tilden Filani and told them that they needed only work in mines "if they felt like it. He also informed them that the miners had no right ot compel them to labour. People then refused to go to the mines unless they wanted to make some quick money for tax or bride purposes. Archibold (Niger Company's representative) lamented, that "although this is perfectly true, it has not done us any good, and many of our regular tin workers have been absent for the whole month".[1] For now, forced labour was out and wage labour was in.

The government had hoped that labour in the mines by the Plateau people would mean that high taxes could be levied. Within a "free economy", given that taxation had to be paid, no coercion would be necessary once the population had realised the best way to obtain their taxes. One colonial official, Gower, expressed this view in 1907 in a letter to the Naraguta Tin Company and also included a minor rebuke with regard to forced labour:

1. Naraguta Tin Mines, First File Archibold to Secretary December, 3, 1906.

> You are of course aware there is no forced labour and that I do not undertake to compel men to work for you. The pagans in the Bukuru district have to provide themselves with a certain amount of money to pay their tax and the Assistant Resident at Bukuru will use his influence to induced them to obtain it in the way most easily available to them, by labour at the mines and transport.[1]

Labour at the mine rates of six pence per week, would pay off the two shillings tax in four weeks provided that no other payments had to be made by the labourer to the village head, or the mine foreman. Another source by which the people could earn cash was by porterage of tin from Naraguta to Jema'a. For this, the company paid two shillings per load per trip, the amount then being handed to the porters indirectly through Assistant Resident in Bukuru.[2] None of the above methods was particularly satisfactory to the mining companies but the increase in migrant labour from other areas of the Plateau temporarily ameliorated the labour problem. The recruitment of the indigenous labour and its taxation was thus to lie dormant for some time until the labour influx could not satisfy mining needs.

The increase in the price of tin between 1909-1912 (from £130 per ton in 1908 to £200 per ton in 1912) brought an increase in the number of companies and a high demand for labour.[3] The Niger Company, however, was anticipating few labour difficulties, for labourers were migrating from

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1. Naraguta Tin Mines, First File Gower to Acchibold July 25, 1907

2. Naraguta Tin Mines, First File 1906/1907

3. McPhee, A. (1926) The Economic Revolution in British West Africa, London, Routledge & Sons. p. 56.

Zaria, Bauchi and Kano.[1] Often the Resident in these towns would encourage the emirs to allow their people to go to the tin fields and in this way increase the emirates' tax revenue. Coincidental with this was the opening of the Lagos to Kano rail in 1912 and the consequent availability of wage labour that had been laid off. By 1912, the labour force on the plateau numbered over 12,000,[2] virtually all being from outside the Plateau. In this same year, the Bauchi Light Railway had been completed to Jengre at the foot of the Plateau. It represented another opportunity aside from taxation to induce the Plateau people to work for wage labour.

As the mining industry was expanding, the demand for mines labour increased. From the government point of view the railway would not only assist the mining industry by opening up inaccessible areas to new investment, but it would also help to "civilize" the inhabitants of the Jos Plateau by labour. This view applied in particular to the sixty-five-kilometre stretch between Jegre and Bukuru, the centre of the mines field. An average of 4520 labourers were recruited each day, the majority of whom were from the Bukuru, Panskin and Dass Districts - non-muslim areas in Bauchi Province. The British mining companies entertained the hope that a new labour pool would be created and would be available for the mines when the Bauchi Light Railway was completed.[3]

1 Calvert, A.F. (1916) Nigeria and Its Tinfield, p. 159

2. PRO:CO 659/34, Annual Report for the Mines Department Nigeria, 1932, Appendix B.

3. NAI Chief Secretary Office, 1/33/1, Copy 40982/1912 C.T. to Chairman of Niger Company January, 8 1913.

True to the belief that trade and a monetary economy were the only road to 'civilization', local labour was recruited as the railway wound its way unto the Plateau and the South to Bukuru. For the Colonial Officials and mine-owners, this was one part of the indigenous "education" which was not to be neglected.[1] It gave a guarantee of future wage labour class which would offer their rail work experience, come forward of their own free will later to earn regular wages.[2] Lugard had already laid down in his Political Memoranda of 1906 that such political labour was "beneficial" to the labourer. Paying cash for labour and collecting it again as tribute would allow the people, according to Lugard, to learn that they are paid for their labour and also to understant that taxes had to be paid.[3] Taxation in Lugard's definition was "a moral benefit to the people, by stimulating industry and production."[4]

Placed under local headmen, the workers were usually out for two weeks and then they were permitted to return to their homes. It was a harsh two weeks interrupting farming activities, and it caused disruption in the villages. The railway which the indigenous labourers helped to build provided transport for yet more labourers to swell the Plateau labour market from 5,832 in 1911, to 17,883 in 1919 and 22,976 by the end of the decade.[5]

1. NAK Jos Prof. 126/1913 Central Province Quarterly Report
2. NAI C.S.O. 1/33/1 No. 113 Lugard to Harcourt June, 9 1913.
3. Lugard, F.G. (1906) Political Memoranda, p. 214.
4. Ibid. p. 87
5. PRO: CO. 657/34 See Table 6.2 Also.

This, in turn diminished any further pressure, for the time being, on the Plateau people to join the wage labour economy so rapidly built around it.

Prior to World War I, the colonial government had resisted demands from the mining companies to institute a recruiting bureau on the Rhodesian model,[1] but the companies continued to put pressure on the colonial government. The situation changed during World War I when the Ministry of Munitions in London, due to the war effort, requested a greater production of tin in Nigeria in order to earn badly needed US dollars for the pursuit of the war. Both transport and mines labour were then needed, and the mines officials suggested to the government that the best way -to acquire this was for the local villages to provide a certain number of men each week to the nearest mines.[2]

The mining companies introduced a system of intensely coerced labour within a limited zone - the Plateau itself where men will come out to work for low wages and did as they were told. This line of thought was later taken up by Longslow Cock, the government Inspector of Mines, who advocated that one tenth of an estimated 4000 adult male on the Plateuu be forced to work in the mines.[3] Although the government didnot accept Cock's reasoning,

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1. Van Onselen, Charles, (1976) Chibaro: African Mine Labour in Southern Rhodesia 1900-1933, London

2. Nigerian Chamber of Mines, Minutes for Meetings 39, for June, 22 1918.

3. NAK:SNP 11N, 681 M/1918. Increase of Supply of Labour for Mining Companies, Cock to Resident, Bauchi Province, June, 1918.

nevertheless, District Officers were told to push the local Native Authorities into providing labour for the mines. Thus, in many part of the North conscript labour came to the Plateau from Bornu, Sokoto and especially Bauchi Province, which had been united administratively with the Plateau area.

The policy of forced labour was not successful from the point of view of both the government and business. Rumours associating the mines with desease and military service stirred up trouble in many areas.[1] The government for the fear of resistance, made sure that recruits were unaccompanied by guards and desertions left unpunished.[2] For example, of 2,167 labourers from eastern Bauchi 885 deserted.[3] The mining companies attempted to keep men on the Plateau by withholding their pay. This merely intensified dessertion. Thus the then Governor of Northern Nigeria ordered a halt to recruitment outside Bauchi Province. Gradually, the policy of forced labour died a natural death. The Local Council of the Nigerian Chamber of Mines observed:

> The Council note with dismay that the Government is not prepared to coerce labour, but they take the view that the real reason for the recent complete failure was due to the fact that the labour was coerced, just in the same way that it was and coerced to build roads,rest houses,and railway, the only difference being in these cases the coercion is strong and effective while in our case it was weak and ineffective.[4] ....

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1. NAK:SNP. 11N,681 M/1918. D.O. Elder, Bill to Resident Bornu 19 September, 1918: Increase Supply of Labour to Mining Companies.
2. NAK: JOSPROF. 1/1,201/1918, First Half Yearly Report. Bauchi Province, 1918.
3. Ibid.
4. NAK:SNP 11N 68IM/1918, Increase of supply of Labour for Mining Companies, Local Chamber of Mines to Nigeria Chamber of Mines Secretariat Kaduna 15 Jan., 1918.

The failure of the forced labour scheme meant from the 1920s a reversion back to 'voluntary labour'. Speaking for the Niger Company, Laws advocated that the most efficacius means for developing labour supply was 'indirect government such as direct and much heavier taxation, compelling the idlers, of which there are plenty to perform at any rate a few months honest work.[1] Commenting on a 1926 report which complained of mines labour being too unstable and migratory in character, a Colonial Office minute noted that this was actually the ideal situation ; neither forced labour nor a permanent wage force.[2] The Colonial government indeed feared the economic and political consequences of the emergence of a fully proletarianised working class on the Plateau, while the companies, intensely aware of the fluctuations in the world tin market, also sought a highly elastic labour force that would come and go when needed.

From our analysis so far, we can see that mining capital played the foremost role in the development of a 'free' wage labour market in Northern Nigeria and in turn profited from its revolution. In 1911, and again in 1939, the mines work force represented 18 per cent of Nigerian wage workers. The figures, moreover, give little sense of the immense turn over in migrant workers and the general undercounting (See Table 6.2).

Labour in Northern Nigeria followed a spectrum that ranged, in the colonial era, from 'target workers' who sought to earn a precise sum of cash in order to pay taxes, to

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1. RM:MS. Afri. 886 NC. Papers and S100. Laws to Directors and Chairman of Niger Company 25 January, 1919.

2. PRO: CO. 583/141, Minute by Harding on extracts from Reports by J.M. Hogg to Ormsby-Gore. [illegible]nuary,1926.

a 'floating population' of labour which lacked any ties to the land.

TABLE 6.2

NUMBERS OF AFRICAN WORKERS ON THE MINE FIELDS 1928 TO 1960

1928	39,333	
1929	38,333	
1932	18,089	
1933	14,911	
1943	74,768	)
1944,	71,456	)FORCED LABOUR PERIOD
1945	60,970	)
1946	54,553	
1947	51,823	
1948	50,146	
1949/50	54,922	
1951/52	60,968	
1952/53	59,271	
1953/54	52,460	
1954/55	51,094	
1955/56	51,201	
1956/57	50,888	
1957/58	46,211	
1958/59	28,342	
1959/60	28,928	

Source: Freund, Bill (1981) Capital and Labour in the Nigerian Tin Mines, Ibadan, Longman p. 210.

If we can speak of a break in the spectrum, it would be between those labourers who worked consistently for wages during the rains and the planting season, and those who did not. Until the 1930s, the mines depended heavily on dry-season migrant labour. As late as 1943, the Administrative Director of Mineral Production complained that tributers would actually produce less tin as prices rose.[1] The tributers were moreover among the steadiest components of the labour -force.

The 'floating population' on the other hand, were available for dry season work. They were not fixed as a tin mining community if they were proletarianised but they lacked the specific quality of identity of miners in a mining community. Within the mines camps were many men who sometimes engaged in other activities, such as trade. By 1945, 60,970 of which 18,511 people in Jos Division, were listed as 'other migrants'. In 1932, Jos which was not a mining town per se, had 'a semi-skilled Hausa' population of 12,944. The following year, the figure was given at only 9,836, almost one quarter were thought to have drifted off to the gold fields 200 miles or more away.[2] (See Table 6.2).

What can be seen clearly from the above analysis is that British capital was able to accumulate value without interfering with the actual production process, either from the technical or social stand point. According to Marx,:

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1. NAK: JOSPROF. Mines Department C394, Proposed Maximum Price for Tributers Tin Ore, Emberton to Chief Secretary, Lagos 26 March, 1943.

2. NAK: JOSPROF. 1/1,301/1933, Annual Report, Plateau Province, 1933.

> When an industrial people producing on foundation of capital, such as the English for example, exchange with the Chinese and absorb value in the form of money and commodity from out of their production process, or rather absorb value by drawing the latter within the sphere of the circulation of their capital, then one sees right away that the Chinese do not thereafter need to produce as capitalists.[1]

Thus, the social relations of production that characterised Northern Nigeria were not transformed at a stroke; indeed, they showed a remarkable vitality even today. However, the capture of the circulation process by British industrial capital has brought about an ever more powerful, if uneven, drive to disintegrate those relations.

A principal motor force in the penetration of rural society by capitalist social relations was that colonial taxes which were not necessarily higher than they had been under the emirs, but they were collected invariably in cash and exacted whatever state of the harvest. Thus, the proportion of the surplus which was commoditised increased greatly. Parallel to this was a commoditisation of the relations between the peasants or craftsmen and their creditors. Debt was conceived less in terms of services and more in terms of cash. Social relationships, such as bride-price in a marriage, manifested themselves more and more in cash terms. Markets spread cheap European goods that undersold local products, as we have seen for textile and tin ware, sometimes assisted by direct colonial intervention, notable in the supression of indigenous industries. (See Table 6.3.).

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1. For a fuller discussion, see Samir Amin, (1974) Modern Migrants in West Africa, Oxford University Press.

A distinctive, feature of the penetration of capitalist social relations in Nigeria has been geographically uneven development.[1] This has been a major determinant in the origins of the mines labour force. Colonial Nigeria was marked by division of labour formulating the role of different provinces and geographical zones for the purposes of British accumulation.[2] During the crises, such as World War II, when groundnuts and tin were both in heavy demand, this structure was made quite explicit, at a time when administrative reorganisation seemed necessary. District Officers, through allocating crops and labour, powerfully advanced the articulation of the structure.[3]

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1. For a fuller discussion, see Samir Amin, (1974) Modern Migrants in West Africa, Oxford University Press.

2. NAK: JOSPROF. 1/2018 vol. 4 Supply of Mines Labour, Divisional Officers Conference, 1926.

3. NAK: KANOPROF., 1423, Need for Minesfield Labour, Circular to Resident Kano 22 June 1923.

TABLE 6.3

CASH TAXATION IN THE JOS AREA

YEAR	IN POUNDS	AREA
	£	
1911/12	206	Birom
1914	796	Birom
1916	2, 215	Bukuru District
1917	5,096	Naraguta Division
1918	6,746	Naraguta Division
1920	2,486	Jos Division
1921	5,155	Jos Division
1921	8,640	Jos Division
1926/27	14,479	Jos Division
1927/28	18,357	Jos Division
1931	8,026	Jos Division
1932	11,021	Jos Division

Source: Freund Bill (1981) Capital and Labour in the Nigerian Tin Mines, Ibadan: Longman.

CONCLUSION

The colonial conquest made it possible for the elimination of indigenous tin porducers/competitors and the establishment of British capital dominance over the tin mines in the Jos Plateau. By this process, Britain was able to forcibly transfer surplus cash into the circuit of the World Capitalist System located in the West as part of the process of capital accumulation. Britain was able to accumulate by allowing various mining companies access to the tin fields and by selling prospecting licences to the companies or individuals. To promote the development of the mines, the colonial state established infrastructures such as roads and railways.

The establishment of the railway lowered the cost of shipping tin from Nigeria by £10 -£15 a ton, although even the porterage system discussed earlier allowed for good profit margin. More importantly, the completion of the rail link between North and South reduced the pressure on labour in Northern Nigeria, very much to the benefit of the mines. Acting as a gigantic shovel which scopped up the product of Nigerian labour, the railway was the final decisive moment in the incorporation of the tin mines into a net work of capitalist accumulation and circulation.

In Nigeria, British capital penetration and accumulation has able historically to develop through trade relations from the 'slave trade' to 'legitimate trade'. However, for the process of expand further and for capitalism to establish its hegemony, it was necessary that indigenous political systems be overthrown and that British colonial domination be established.

The establishment of the colonial hegemony meant changes in the process and relations of production. The Nigerian peasantry had to adapt itself to new forms of labour in the minesfield suggests the general pattern of capitalist penetration of Nigeria: its parasitic character, the central extractive position of merchant capital and its domination of society through networks of traders, Native Authority officials and contractors. While the Nigerian peasant turned mined worker may have gained from the indirect nature of domination, he was obliged to support a fundamentally predatory system with his labour, for little or no return. The situation did not change until after Nigerian independence in 1960. By 1960, the basic fundations of a capitalist socio-economic system had been laid and the emergent bourgeoisie had to reorganise the dependent capitalist system created by British metropolitan capitalists the best way they could after political indipendence.

PART III

THE POST-COLONIAL STATE, ECONOMIC NATIONALISM AND THE MODIFICATION OF FOREIGN CAPITAL IN NIGERIA.

CHAPTER VII

THE NIGERIAN PETTY-BOURGEOISIE: POLITICAL AND ECONOMIC NATIONALISM IN THE 1960s

7.1. INTRODUCTION:

The state apparatus in the colonial period has as its main task the suppression of the indigenous classes. This resulted in the progressive disintegration of the class of Nigerian traders and entrepreneurs which had evolved in the course of the 'slave trade' and the 'legitimate trade' of the 19th century. As more and more Europeans entered the West African economic region through trade, they employed both state power and competitive advantage to push out their African rivals. Consequently, the Nigerian petty bourgeoisie suffered from the process of the establishment of oligopolistic control of trade, both in the sense that independent Nigerian bourgeoisie were eliminated through unfair competition, and in the sense that new roles for Nigerians were limited to dependent commercial activities such as commission agenting, brokerage and petty-trading.

The decline of the Nigerian petty bourgeoisie as a significant economic force was accompanied by their decline in other spheres as well. Not only did the various chambers of commerce (established and dominated by Europeans), systematically exclude Nigerians by the turn of the century, administration initiated a policy of indirect rule - putting limited political power in the hands of the traditional ruling classes who seemed more likely to support British rule after initial resistance. Those who did not support British rule were deposed and replaced at will. It was the introduction of colonial rule, with its consequent steering of educated Nigerians into the professions and away from trading, that facilitated the complete economic takeover of the import and export sector of the Nigerian economy by foreign, predominantly British firms.

Part of this process of concentration of all trade in European and Levantine hands entailed the circumscription of options for Nigerian participation in the economic life of their country. Throughout the colonial period a number of mechanisms were instituted by the European firms to exclude Nigerian participation. Apart from using discriminatory legislations, Nigerians who tried to engage in trade on their own were easily undercut by their European rivals, with the occassional strong arm assistance of the colonial state.

Two basic methods were used to undercut African competitors: One was to offer an independent Nigerian trader a position as an agent for a European firms, with a guarantee of more custom than he could obtain on his own. This has been vividly described in relation to the Gold Coast:

> Around 1900, the early part of the century, there were many merchants in the Gold Coast, But then the United African Company (UAC) and the other big firms would give them positions as agents if they were competing. If they were selling something cheaper than the European firms, the firms would offer to give them jobs as their agents. And then the European firm would tell its customers that they had to go to this particular agent rather than buy direct....The firm absorbed Africans because it was well established in Europe. It would write Europe that it wanted to take on a particular man as an agent.

> And then, it would name the man as a distributor and tell its customers they must apply through the distributor for goods, instead of directly. UAC would have a catalogue, and they would have to order through the commissioned agents.[1]

The second method employed by the European firms was to tie Africans to their firms through the 'pass book' system.[2] Under this system, African traders obtained 'pass books' which entitled them to make wholesale purchases on a credit basis from certain European stores or depots. The amount of credit which an individual African could obtain depended upon his record with the particular expatriate firm, but also upon the particular European official with whom he or she dealt. Thus, often the figure was arbitrary and could be changed overnight if an official were replaced. The African trader was also tied to the creditor firm for his source of supplies, since the granting of credit was contigent upon his spending his money in the store that granted it. The system continued throughout the colonial period because the two major banks - Barclays and the Bank of British West Africa refused to give credit facilities which were readily available to Europeans and Levantines (Lebanese and Syrians), to Nigerians. Thus the capitalist process in Nigeria became one in which the Nigerian petty bourgeoisie were tied as agents or distributors to individual

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1. Howard, Rhoda, (1978), Colonialism and Underdevelopment in Ghana, Croom Helm, pp. 186-87.

2. The 'Pass Book' System is a system used by merchants as well as manufacturers to give credit facilities to their customers. The customers get hooked by the facilities and they found that they could not pull out at will.

European firms. They might be 'independent' in the sense that they did not work on salary, but they were no longer independent importers and exporters as many had been in the pre-colonial period.

At another level, for those in European employment, very strict regulations of employment were enforced to ensure that employees could not go into business/trade on their own or change companies, taking trade secrets with them. Storekeepers had to sign contracts stating that they would not give away trade secrets or divulge the names of their company's manufacturers. Although these regulations were perceived by Nigerians as being in restraint of trade and an impediment to their own accumulation of wealth, the colonial government refused to call these European firms to order. Thus, the Nigerian petty-bourgeoisie were powerless to act in the defence of their collective interests - under such circumstances.

Finally, Africans who held the same jobs as Europeans were consistently treated worse and paid less. The report written by a Sierra Leonian agent by the name of Mr. Coker, on the occasion of his retirement from the firm of John Holt in Nigeria, can be taken as indicative of the general European policy towards African employees. Mr Coker wrote:

> One of the irritating things in Nigeria and which helps to hinder the progress of trade and that of an African at a station occupied by a blackman is the tendency on the part of some authorities to give more credence to what a European of another firm tells them to that of a blackman working for them. Take a station at which black and white are in charge of the factories and thereby an agreed rule between the firms as to prices and dashes; in nine cases out of ten, the European will break the rule in order to get more than his fare share of the produce. If your blackman were to report or do the same in to get

> for you your full share of the trade no credence will be given to his report, and he will be told to stop. As a wire was onces sent to a certain blackman "stop buying produce with soap dashes else I remove you from charge". In very truth the white man who reported him was giving out ten times more soap and tobacco dashes....
>
> In some cases where you will see the European with all things necessary for his comforts you will see the Africans without even a chair, a table or a bed although both are working for the same firm..1

Within the context of the import-export trade, there were of course, also some roles for African middlemen as brokers; that is as persons buying cocoa, cotton, groundnuts, rubber and palm oil on behalf of the exporting firms. These brokers were of two types - a group of powerful brokers assisted by a group of sub-brokers. The powerful brokers are the ones who had direct dealing with the European firms and who were able to receive credit from the firms in the form of cash advances. Credit was given to brokers so that they could go into the 'bush' and buy crops from the farmers in advance of actual harvest. The aim was to obtain these primary produce at a lower price than would be charged once the harvest was in. The sub-brokers, on the other hand, were agents for the brokers who might simply be working on a few pounds advance, with little wealth of their own.

In the face of European oligopoly, Nigerians were ingenious, untiring, and inventive in their attempts to become a bourgeoisie in their own right. Many moved into more than one line of business, engaging, for example, in cocoa, graundnut and cotton, palm oil, farming, brokerage, timber, hides and skins exporting, etc. But as a result

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1. Report by Mr. Coker to John Holt and Co. 28 March 1921 cited in Howard, Rhoda (1978) <u>Colonialism a[illegible]der-development in Ghana</u>, Croom Helm, pp. 190 ...

of the unequal terms of competition and of technological developments whose costs to Nigerians was prohibitive, many scions of Nigerian trading families began to move out of trading and into the professions such as teaching, evangelism, medicine and the civil service. Law was also a favourite of a successful trader's son or a recourse for the son of a trader who had lost his fortune. Thus, as the colonial political administration developed, professional Nigerians with degrees from British universities and the Inns of Courts in London began to replace traditional rulers in positions of power in some aspects of the colonial administration. The emergence of this group of educated elite in the latter colonial period was in a way inherent in the logic of an expanding colonial capitalism which needed more and more persons to perform 'modern' functions in the expanding state bureaucracy and in the economy. The colonial state lacking European manpower resources which would have been furnished, say from a white settler population, was forced to train Nigerians for minor administrative positions or for rank-and-file soldiering and policing. Similarly, business concerns were interested in ensuring a steady supply of clerks and semi-skilled workers.

These needs were reflected in the type of Imperial education policy which, according to a 1925 statement of the Advisory Committee on Native Education, was to "raise the standard alike of character and efficiency of the bulk of the people."[1] This was entirely compatible with the interest and goals of the churches and missions already in Nigeria,

1. Coleman, James (1988) Nigeria: Background to Nationalism, Broburg and Winstrom, Benin p. 117.

who saw their task, apart from the conversion of the native population to Christianity, the provision of basic education for the many and advanced or university education for those who showed special promise or could afford it. Church sponsored education resulted in the Westernisation of a small group of Nigerians who, as Coleman points out, evolved into a self-conscious group isolated in some measure from the traditional society:

> Conversion to Christianity, knowledge of and preference for English, immitation of European behaviour, and post-school employment in an urban milieu all helped to isolate the educated African from his traditional environment.
> The resulting incompatibility between African tribal life and western education made reintegration into the tribal community very difficult for this group.[1]

Consequently, it was this acculturated group that wanted what the Europeans were enjoying - democratic government, self-determination, and free enterprise, etc.

The formation of the Nigerian petty bourgeoisie was one of the main tasks of the colonial education system. Instead of the traditional ruling class of the native civil society with their non-Western, pre-capitalist, pre-scientific/pre-technical, pre-secular, pre-industrial world view, the colonial educational system had to deliver new bearers of the modern, capitalist, scientifice/technical, secular, industrial personality of western capitalism. These modern bourgeoisie were supposed to be more effective in organising the consent of the native masses in the late colonial period, while enjoying more cultural ideological

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Coleman, James (1988) Nigerian: Background to Nationalism p. 115.

harmony with the hegemonic class - the colonial administrators who were now prepared to handover the colonial state/party apparatus. In the word of Sir Gordon Guggisberg, then Colonial Governor of the Gold Coast (Ghana):

> ...we want to give the best men and women the opportunity of becoming leaders of their own country - men in thought, industries and the professions. Throughout all this our aim must not be to denationalise them, but to graft skillfully on their national characteristics the best attributes of modern civilisation. For without preserving his national characteristics and sympathy and touch with the great illiterate masses of his own people, no man can ever become a leader in progress whatever sort of leader he may become.[1]

It was this skilful grafting of the best attributes of the hegemonic rationality of western capitalism that has sealed the cultural/ideological formation of these bourgeiosie and their inability to transform the economic structure established under colonial domination.

At the political level, the Nigerian political associations in the pre-World War II period were dominated by bourgeois intellectuals consisting of a professional class class of lawyers, doctors, teachers and journalists, seeking greater status within a reformed colonialism. This small but growing western educated bourgeois intellectuals pressed on the colonial government the demands of the petty-gourgeoisie- increased African representation in legislative and local government councils, better opportunities in government service, and increased educational facilities. John Hatch has argued that;

1. Cited in Kay, G. (1772) The <u>Political Economy of Colonialism in Ghana</u>, Cambridge University Press, pp. 32-33.

> The pre-war intelligentsia were still too self-conscious of their new social status to feel any affinity with illiterate masses. They sought personal acceptance, even if it were merely acceptance as critics within the system.[1]

Although the economic and social changes of World War II and the expectations of political change aroused by the War, had the effect of transforming the pre-War Petty-bourgeiois political associations into more broadly based and more radical political parties, the character of this bourgeoisie did not change. The new parties recruited from the urban proletariat of new town dwellers and ex-service-men and from the rural peasantry, as well as from the educated elite. The parties tended to be led at the national level by the professional bourgeoisie who did not possess large accumulated capital or control over the means of production. The period after the War saw the emergence of a provincial town and rural petty bourgeoisie of poorly-paid teachers, clerks in local administration, pastors in mission of independent African Churches, more prosperous farmers and traders. It was this group that led the political parties at the local-level.

To the demands of the professional bourgeoisie the parties now added the grievances of the local petty-bourgeoisie. These local grievances centred on the barriers to Nigerian economic progress represented by Lebanese and Syrians and by European control of marketing of crops. Moreover, the Nigerian farmers and traders had little opportunity within existing local government systems to promote their own interests against those of no non-Africans. Existing local

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1. Hatch, John (1967), A History of Post-War Africa Methmen, London, p. 43.

economic grievances were exacerbated by Britain's post-war economic policy. The war and its aftermath led to food rationing in Britain and to a programme of incressed food production in the colonies. At the local level government chiefs found themselves being forced to implement accelerated agricultural improvement schemes, by compulsion if necessary. Compulsion led to growing alienation of the rural peasant masses as a whole and made it easier for the emergent bourgeoisie and the local activists in the rural areas to recruit mass support for the new political parties.

Getting involved in leading the nationalist struggle for independence which was basically aspiring to transcend and resolve the main organic dilemma and hegemonic crisis of the colonial state in the 1940s and 1950s, the Nigerian petty bourgeoisie were actively reproducing the same basic contradictions that had historically brought them into being. Their nationalist and 'populist'[1] ideological discourse permeated by the same symbolic dualities they set themselves to transcend. While echoing and responding to the actual grievances of peasants, urban petty producers and residual traditional ruling class threatened by the dissolving effect of the progressive penetration of western capitalism, they had to articulate and incorporate the aspirations and a rising expectations of the emergent urban middle classes as well as the emergent labour aristocracy.[2] Thus while indoctrinating, and mobilising the former in terms of anti-western, anti-

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1. Laclau, Ernest (1979) Politics and Ideology in Marxist Theory, Verso Chapter 4.

2. Jeffries, Richard (1975) 'The Labour Aristocracy? Ghana Case Study', Review of the African Political Economy, No. 3, pp. 59-70.

capitalist, anti-secular, anti-urban, and anti-industrial discourses, they had to promise more industrialisation, more urbanisation, more secularisation, and more westernisation of the latter. While entertaining the 'nostalgic' desire of the former to retreat from modern 'evil' world to a 'pure' and ' undefined' past, they had to service aspiring hopes of the latter by moving towards more immersion into and integration with this modern world with its international capitalist system.

The emergent petty bourgeoisie who guided the nation as a whole into the post-colonial era had a factional goal— to replace the British administration in Nigeria by itself. Relatively well placed in the state bureaucracy or in control of local or regional power centres, the Nigerian petty-bourgeoisie realised well in advance that the top positions would accrue to them with the departure of the British administrators, and they therefore negotiated independence by degrees, with the least possible disruption of the left-behind colonial political institutions and economy. Under these circumstances the nationalist movement could not be mobilised through a popular revolutionary struggle nor motivated by unifying ideological slogans of 'equality' or 'social justice' for all. Instead, independence largely was a negotiated settlement - a gentlemen's agreement as demonstrated by the various constitutional conferences[1] between the representatives of the metropolitan bourgeoisie (the colonial administrators) and the emergent Nigerian petty-bourgeoisie. The whole negotiation took place on the political

1. As from 1951 when the Mac Pherson Constitution was enacted there was instituted regular conferences to discuss amendments or major changes in the constitutional structure. The last of these conferences was the Ibadan Conference of 1958 of which the Robertson Constitution of 1958 emerged. This was what became the Independent Constitution.

plane while the economy continued to be dominated by foreign, largely British capital. The wishes, involvement or long-term interests, of the masses scarcely played a role in the negotiation, except in so far as mass support for political independence was used to legitimise the transfer of power to the Nigerian petty-bourgeoisie. This may account for the absence of a national ideology - a Nigerian equivalent of Kenyan Socialism - Uhuru or Tanzanian Socialism - Ujamaa - to guide the nationalist movement and unite the population behind the shared goals of transforming the Nigerian dependent capitalist economy. In these circumstances, therefore, few changes were expected immediately after independence. And if changes were to take place at all they would be along capitalist lines because the origins and character of the emergent Nigerian bourgeoisie, it was none ideological - that is, it did not possess an alternative ideology to capitalism.

The rest of this chapter will concentrate on the policies and actions of the colonial state and the post-colonial state in the last decade of colonialism and during the First Republican Government.

7.2. THE POST-COLONIAL STATE AND CHANGES IN THE CAPITALIST PROCESS

As we demonstrated in Chapters 4 and 5 of this work, the incorporation of Nigeria into the World Capitalist System was achieved through the expansion of peasant commodity production. Commodity production provided the economic foundation for the operations of foreign merchant capitalists and the emergent Nigerian bourgeoisie in the 1950s. Industrial capitalism came late to Nigeria because it had been discouraged by the colonial state, by the mercantile banking and shipping monopolies and later by the operation of the marketing board system which excluded African merchants and appropriated surplus funds to London. However, the 1950s saw a shift in the policy of the colonial state and the metropolitan bourgeoisie who under the nationalist agitation and increased competition in the world capitalist system, led to local market protection and the establishment of large-scale industry dominated by foreign capital and supplemented by state capital.

Realising that decolonisation was imminent, the colonial state took steps to stimulate industrial capitalism in Nigeria by encouraging private foreign investment through fiscal and other incentives. The Nigerian petty bourgeoisie supported the industrial policy of the colonial state because they believed that industrial capitalism was a measure of development and a tool for building national strength and prestige, as well as an asset in international politics. With this support and the fear of other capitalist competitors, the colonial state embarked on a series of legislations to encourage British industrial capital in Nigeria. The first legislative action in this regard was the Aid to Pioneer Industrial Ordinance, No. 10, 1952.[1] Under this ordinance, a company granted 'pioneer' status was exempted from profit tax during the first two years if fixed capital expenditure undertaken by the company had not been less than N30,000 or N200,000 respectively.

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1. Aid to Pioneer Industries Act, No. 10 of 1952, Government Printers, Lagos.

Other legislations directed specifically at stimulating direct foreign investments and protecting local industries were also enabled. One of such legislations was the Income Tax (Amendment) Ordinance of 1952.[1] This Act allowed companies, both public and private to write off from profits for the purpose of computing taxable income, a large amount of capital investment during the early years of operation. This enabled such companies to amortise their capital quickly and build up liquid reserves at an early stage, thus making further investment easier.

Another important incentive to foreign capital was the Industrial Development (Income Tax Relief) Ordinance of 1958.[2] This superseded the two 1952 ordinances already mentioned, extended the period during which the tax relief could be claimed and liberalised the procedure for granting pioneer certificates. The liberalisation included reducing the minimum qualifying capital expenditure to N10,000, carrying forward taxes during the tax holidays, writing off capital expenditure from taxable profits during the tax relief period and exemption of shareholders from tax on dividends up to the amount of such profits.

The Industrial Development (Import Duties Relief) Ordinance 1957[3] allowed the repayment of import duties to be authorised on materials brought into Nigeria for use in the manufacture or processing of goods or in the provision

1. Income Tax (Amendment) Act of 1952, Government Printers, Lagos.
2. Industrial Development (Income Tax Relief) Act of 1958, Government Printers, Lagos.
3. Industrial Development (Import Duties R[illegible]ief) Act of 1957, Government Printers, Lagos.

of services. Similarly, the Customs Duties (Dumped and Subsidised Goods) Ordinance 1958[1] made it possible to permit, when the need arises, the imposition of a special duty on any good being dumped in Nigeria or being subsidised by any Government or authority outside Nigeria.

The most comprehensive of all these legislations to industrialists was the Customs (Draw-backs) Regulations of 1958[2] which enables importers to claim full relief from import duty:

(i) If goods were exported in the same state as that in which they were imported,

(ii) If materials were imported for use in the manufacture of goods and then exported, or

(iii) In the case of paper imported for use in the manufacture of educational goods where such goods are supplied to recognise educational establishments.

Finally, the colonial state established the Approval User Scheme[3] which allowed approved manufacturers to import either duty free or at a lower rate of duty certain materials specified in the Customs Tariff, for a period not exceeding three years.

In addition to these regulations, there were other inducements. The state embarked on the development of industrial estates all over the country. These included estates

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1. Custom Duties (Dumped and Subsidised Goods) Act, 1958 Government Printers, Lagos.

2. Customs (Draw-back) Regulations of 1958, Government Printers, Lagos.

3. Approval Users Scheme 1958, Government Printers, Lagos.

of 930 acres at Apapa, Ijora and Iganmu in Lagos, estates of 2,100 acres in Kaduna, Kano, Zaria, Jos, Ilorin, Gusau and Maiduguri. The Western Region Government established 1,970 acres estate at Ikeja, Mushin and Ilupeju, and the Eastern Region Government established over 4,100 acres in the Enugu and Port Harcourt areas.[1]

The development of these estates involved hugh capital expenditures on transport, communications, water supply and electricity, A special priority was given to the construction of feeder roads to these estates.

Apart from tax concessions and other incentives listed above, there were measures taken in the annual budgets to protect and assist both indigenous and foreign enterprises. These included high tariffs on imported goods which were also produced in Nigeria, lower excise taxes, import licensing and the banning of certain imported goods that might have a comparative advantage over locally produced ones.

The most useful assistance to investors was the Companies Incomes Tax Act, 1961[2] with its subsequent amendments. To arrive at a company's tax for any year of assessment, the government granted the following generous capital allowances, concessions and reliefs. Generous capital allowances, otherwise known as 'allowance depreciation' were also given for capital expenditure incurred for the purpose of trade in Nigeria. The following were the initial buildings 15% plant, vehicles, machinery and mining 20%, plantation facilities

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1. Toyo, Eskor, (1985) 'Capital, Wealth and Income in Nigeria' Mimeograph NISER, Ibadan, p. 152.

2. Companies Income Tax Act 1961, Government Printers, Lagos,

25%. The following annual allowances were calculated on a declining basis: 10% on industrial buildings; 5% on other buildings; 12½ on plant, machinery and mining facilities and 15% on plantations.[1]

These various measures, of course, were actually measures of income distribution. They pushed up the rate of profits of companies established in Nigeria. They were to be taken along with wage freeze, inflation, cheap money policy, the state's infrastructural expenditure and monopoly as further determinants of the rate of profit. They also affected the rate of acummulation of wealth out of profits. Thus, even if the state itself did not spend much on its capital expenditure, however, its incentive policies gave a powerful boost to the development of industrial capitalism in Nigeria with consequences on accummulation and income distribution in the country.

Finally, incentives provided by these policies achieved the policy objectives of both the dying colonial state and the metropolitan bourgeoisie and its allies in Nigeria. For example, it stimulated the development of private foreign enterprises in Nigeria more than ever before. Between October 1946 and March 1958, over 1,000 (precisely 1,027) companies were registered as "pioneers" as opposed to one granted a "pioneer" status before 1946.[2]

By establishing these incentives and by actually attracting foreign, largely British capitalist to invest

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1. Toyo, Eskor pp. 153-154.

2. Akinsanya, Adeoye (1982) "State Strategies Toward Nigerian and Foreign Business" Mimeograph - University of South Carolina and University of Columbia 1981-82, p.6.

in Nigeria, the colonial state and the metropolitan bourgeoisie laid the conditions for the future development of the Nigerian economy along the capitalist path. Those who inherited political power at independence - the petty-bourgeoisie as demonstrated earlier were themselves committed to the development of capitalism as long as they were given a prominent role to play in the process. And because of its origins and character, the petty-bourgeoisie immediately following independence oscillated between a benovolent acceptance of the status quo and selected rejection of total dependence on Britain. Thus, before 1962, both Federal and Regional Governments almost unhesitantly accepted the dependent capitalist economy they inherited and at the same time tried to create opportunities for themselves so as to accumulate and play a more important role in the capitalist process in their country.

The capitalist process in Nigeria at independence was very much dominated commercially and financially by Britain. Although the emergent petty-bourgeoisie which inherited power had the option of restructuring this pattern of dependence comparable to that tried by Nkrumah in Ghana[1] and Sekou-Toure in Guinea,[2] the Nigerian petty-bourgeoisie decided to maintain the status quo on the economic front. At this formative stage everything depended on the ideological

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1. After Ghana's independent in 1957 Nkrumah embarked on a programme of 'Socialism' that opposed the left behind British created political economy. The various projects embarked upon failed because of lack of finance and as a result of lack of proper implementation of projects due largely to bureaucratic corruption.

2. Sekou Toure had embarked on a socialist construction of Guinea as a result of French pull-out that left Guinea without any structure to support the state or economy.

orientation of the leadership and its projected post-colonial economic policy. Because of its acceptance of the capitalist road to development, the Nigerian petty-bourgeoisie who inherited the colonial state, though it had many grievances of its own against the dependent nature of the economy, chose at independence to "maintains the closest relationship with the U.K."[1] And in the words of Dr. Nnamdi Azikiwe the leader of the defunct NCNC, Nigeria values her "British connections as a pearl of great price."[2] Similarly, Sir Abubakar Tafawa Balewa served notice of the Northern People's Congress policy when he stated that the: "Nigerian economy has been closely linked with that of the U.K., and we intend to strenghten that link to the advantage of both countries."[3] Given this pro-British and therefore pro-capitalist stance it was not really surprising that both the Federal and Regional Governments began at independence to strenghten the ties with, rather than disengage the economy from British domination until the 1970s.

Between 1958 and 1961 the Federal Government actively encouraged by the British, pursued a policy of capitalist development through closer economic cooperation with Britain. For example, the Federal government proceeded to sign partnership agreements with British firms operating in Nigeria in order to further strenghten the link between

1. Northern Peoples Congress "Election Manifesto" Nigerian Citizen (Zaria) 19 Sept. 1959.

2. Azikiwe, Nnamdi "Nigeria in World Politics" in Dr. Zik of Africa: Biography and Speeches, ed. by Chidozie F. Ogbalu (Onitsha) not dated, p.166.

3. Mr. Prime Minister: A Selection of Speeches Made by Alhaji the Rt. Hon. Sir Abubakar Tafawa Balewa, K.B.E., MP. Prime Minister of the Federal Republic of Nigeria (Government Printers - Lagos) 1964.

the British bourgeoisie and the Nigerian state. The shipping trade exemplified the policy. On the eve of independence, Elder Dempster Line and Palm Line controlled 83 cargo vessels and handled 2.1 million -tons (84%) of the total 2.5 million tons of Nigeria's shipping trade. Another example was the establishment of the new Nigerian Airways to replace the colonial West African Airways Corporation. The Federal Government again chose to go into partnership with British companies. It bought 51% of the total shares; Elder Dempster bought 16%, and BOAC took the remaining 33%.[1] Yet in another agreement the BOAC was appointed as the sole operator of the Nigerian Airways services to the U.K. Finally, the predominance of Shell-BP in the Nigerian Oil industry is also typical of the prominent position occupied by British investors in the private sector of Nigeria's economy. After the first oil strike at Oloibiri in 1958, other prospectors, especially Americans sought to compete with Shell-BP which from 1937 had pioneered oil exploration in Nigeria. The Federal government, however, refused to grant the necessary permits, so Nigeria's oil industry was monopolised by Shell-BP from 1937 to 1961. This situation did not help the Nigerian oil industry to develop rapidly as it would have if there was competition.

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1. Annual Abstract of Statistics 1964, Lagos (1965) p. 47.

In terms of the international monetary system Nigeria belonged to the sterling area throughout the colonial period and invested most of her reserves in British-held sterling assets. When in 1958 the post-colonial policy projections began to be made, the Federal Government in spite of the opportunity which the creation of an autonomous Central Bank offered, chose to retain her financial ties with Britain. The new Nigerian Central Bank was enjoined to issue a new currency (the Nigerian pound) whose value would be equal to that of the pound sterling as fixed by the Bank of England.[1] The Central Bank was also instructed to maintain 80% sterling assets and balances in Britain to support the new Nigerian currency; thus the bulk of Nigeria's reserves remained in London.

When we examine the flow of foreign capital aid and investments in Nigeria and the trend of Nigeria's external trade, we are provided with further evidence of the Nigerian petty-bourgeoisies policy of maintaining and strenghtening the inherited economic ties with Britain as the best way of developing the capitalist process in Nigeria. Until 1964, about half of the total private capital investment in Nigeria was British in origin. Thus, in 1961 Britain controlled 51% of the total foreign

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1. <u>Nigeria, House of Representative Debates 17 March 1958</u> Col. 1680

investment in Nigeria, her share rose to 66.9% in 1962.[1] Finally, although Britain's dominance of Nigeria's foreign trade diminished steadily after independence, nevertheless her share remained substantial throughout the sixties. For example, of Nigeria's total imports Britain supplied the following percentages: 43, 44, 46, 47, 38 and 36 for each of the years from 1957 to 1962; and her corresponding percentage of purchase of Nigeria's exports, was 61, 56, 51, 47, 45 and 42 respectively.[2]

The above development in the Nigerian economy could be said to be a projection of the colonial pattern into the independence period. This would be partially correct. The important point which we wish to make is that the Nigerian petty bourgeoisie who inherited political power at independence were pro-British and supported the capitalist path of development and appear not to have wished to undertake fundamental changes in both the economy and its relationship with Britain. They did not quite realise that the petty-bourgeoisie as a whole could accummulate more by challenging Lebanese and British capital domination in Nigeria, than by taking steps to ensure the continuation of the close Nigerian-British political, economic and social relations established in the colonial period. However, by the later part of 1961 some of the Nigerian petty bourgeoisie were

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1. 'Commonwealth Trade' London-Commonwealth Economic Committee for the Years 1960-68.

2. Ibid. pp. 4 - 10.

having a second thoughts about Nigeria's relationship with Britain as a result of lack of progress on the economic front as they and the Nigerians was in general anticipated. The consequence of this was a split in the petty-bourgeois ranks - the split was not ideological in terms of capitalism vs socialism, but one of demands within the capitalist system that Nigerians should be allowed not just to participate in certain sectors of the economy, but that certain lines of business be exclusively reserved for them. And since there was no unanimous decision on this new development, there were a series of debates in the House of Representatives as to the role Nigerians and expatriates should play in the Nigerian economy.

7.3. THE HOUSE OF REPRESENTATIVES DEBATES ON THE NIGERIAN ECONOMY

A series of debates started in the House of Representatives during the presentation of the Appropriation Bill (1961). Chief Obafemi Awolowo, leader of the Action Group and of the Opposition in the House fired the first shot of economic nationalism when he asked:

> What sort of system do we want in this country? What sort of economic system do we want in this country? Do we want an unrestricted capitalist system to grow in this country or are we running a planned and controlled economy?[1]

Chief Awolowo was of the opinion that the Federal Government had no economic policy other than a continued dependence on capitalism as laid down by the British. He insisted that:

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1. Awolowo, Obafemi (1961) in the House of Representatives Debates Report, p. 606, Col. 1612.

> What is happening at the moment is that the doors, the gates of this country are left quite open to influx of uncontrolled capitalist system and that.. people just come to this country to start whatever business they like.. Furthermore nothing has been done to draw a line between the sort of industries foreigners can engage in and the sort of industries that must be reserved for our own indigenous entrepreneurs.[1]

Chief Awolowo cited the example of the Nigerian shipping industry which was then in the hands of the British and said that no self respecting free nation will ever allow its mercantile marine to be controlled by foreigners.[2]

The debate in the House of Representatives continued when the supplementary Appropriation Bill was tabled before the House by the Federal Minister for Economic Development. The Minister told the House that the Federal Government, contrary to the Opposition's suggestion that it had no economic policy, did in fact have a policy. And that the Federal Government's economic policy was one of

> encouraging private investment - both indigenous and foreign and that also when foreign investment comes in we must appreciate that foreign investors do not come to our country for nothing, they expect a fair return on their investment.[3]

In partial agreement with Chief Awolowo's argument that foreigners should not be allowed to start just any business they so wished in Nigeria, the Minister observed:

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1. House of Representative Debates Report, P. 607 Col. 1614.

2. Ibid. p. 609 Cols. 1617-1618.

3. Ibid. p. 76 Col. 2985.

> I cannot understand anybody coming to Nigeria and taking part in the distributive trade. We have no shops in England and we have no shops in France. In All these countries the shops are owned by indigenes. And if Nigerians owned 90% of the wholesale and retail shops in England they would have been thrown out. So when one comes out to say these simple facts they say one is against Western powers and one is therefore a Communist. Thereafter one is branded all sorts of names.[1]

Finally, the Federal Minister for Economic Development made a prophetic statement that later formed the basis of the Nigerian Entreprises Promotion Decree of 1972. The Minister insisted that:

> For Nigerian businessmen to be able to build substantial 'private capital', the distribution of articles, locally produced and imported goods such as textiles, beer, soft drinks, singlets, cement, petrol and petroleum products, etc. must be passed on to the hands of the indigenous businessmen themselves. It is extremely unfair to our people to share with expatriates all the distributive trade and the transportation of goods by road.[2]

Despite the Ministerial statement, Chief Awolowo and the Action Group members were not satisfied with the Federal Government attitudes towards the expatriates' role in the Nigerian economy. Thus Chief Awolowo moved a motion in the House on 29th November 1961 urging the House to approve in principle the nationalisation of basic industries and commercial undertakings of importance to the economy of Nigeria. Chief Awolowo lamented: 'that practically the channels of our economic life, save those of petty trading"[3]

1. <u>House of Representative Debates Report.</u> Col. 2990-2991.
2. Ibid. p. 200 Col. 3234.
3. Ibid. p. 347 Col. 3528.

were completely monopolised by foreigners. The remedy he insisted, lay in the immediate nationalisation of certain basic industries and commercial undertakings: all mining enterprises, mercantile marine and insurance business plus all foreign-owned plantations and all pseudo extractive and secondary industries like the timber and plywood industry at Sapele. The chief felt that this was urgent before "economic dissaster of a higher magnitude befalls the nation."[1]

In supporting the motion Chief Akin-Olugbade (AG member) made the intention of the Opposition clearer. He boldly explained the true feelings and aspirations of the Nigerian petty-bourgeoisie as a whole:

> To be frank, we are asking the Federal Government to wrest the economic power from the UAC Ltd., John Holt Company Limited, and the various mining companies operating in the Northern Region; also the oil companies and the important foreign banks like Barclays, the Bank of British West Africa and the big insurance companies as well as the ocean and air transport companies operating in Nigeria. We are also asking that the distribution of oil by the oil companies in this country is not given to companies like G.B. Ollivants, UAC, CFAO and other big companies. It is the indigenous Nigerians who should distribute oil in Nigeria.[2]

In replying on behalf of the Federal Government, the Federal Minister of Finance - Honourable Chief F.S. Okotie-Eboh , explained that public utilities, shipping, airways, railways, power, communications and marketing boards were already nationalised and that it was "not in the best overall interests of Nigeria" to talk of nationalisation; and that the House deplored "irresponsible statements on nationalisation" which had recently been made at home and

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1. <u>House of Representative Debates</u>. Cols 3528-3529.

2. Ibid. p. 351, Col. 3535.

abroad.[1]

The Minister of Finance insisted that the policy of the Federal Government therefore was to "Nigerianise rather than to nationalise." He then enumerated the four important aspects of the government policy in this regard:

(1) There was state ownership control and operation of certain industrial and commercial activities already owned and operated by the state either in the national interest, their statutory monopoly or their strategic importance.

(2) Full and fair compensation would be paid should further nationalisation appear warranted in future.

(3) Regulatory measures whether of persuasion or of control might in some cases be necessary to ensure that all economic activity in Nigeria was directed towards the best interest of Nigeria. This could be achieved through the application of appropriate fiscal and monetary policies, the effective enforcement of up-to-date legislation,and in a limited number of cases, direct participation in, but not complete ownership of, industry.

(4) Government was giving encouragement to Nigerians to participate to an increasing extent in the ownership and direction of industry and commercial undertakings in Nigeria. The Government could for a start take up some of the capital with the intention of disposing of its shareholding to Nigerians as soon as practicable on the Lagos Stock Exchange.[2]

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1. <u>House of Representative Debates Report.</u> Col. 3542.

2. <u>House of Representative Debates.</u> Cols. 3542-43.

Although the Federal Government defended its position quite well in the House of Representatives debate, nevertheless the Federal Government was forced to redefine its economic policy. The first positive action which met part of the demands of the petty bourgeoisie was the termination of the partnership between British firms running the Nigerian National Shipping Line and the Nigerian Airways. The government took over the British-owned shares in these ventures in the middle of 1961. On the fiscal front, the government also amended the law enjoining its Central Bank to maintain 80% sterling assets in Britain for its currency issues in Nigeria. The Bank was now required only to see that its overseas balance and assets did not fall below a minimum of 40% of its local issues. In a further effort to broaden its external economic ties, the government decided to diversify its foreign exchange holdings. Thus, from October 1961 10% of Nigeria's external reserves were to be held in gold deposited in the vaults of the Central Bank in Lagos, and another 10% to be held in U.S.A. dollars. Until this law was passed all our reserves were held in pound sterling.[1] Furthermore, early in 1962 the government gave instructions to the:

> Statutory Corporations and the companies which ...(the Federal Government) controls to ensure that, apart from minimum working balances required to finance their day-to-day commitments overseas, the whole of their surplus monies are repatriated for use in Nigeria.[2]

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1. Central Bank of Nigeria, Economic and Financial Review, 5 (June 1967) p. 33.

2. The Mobilisation Budget (Lagos 1962) P. 9

Similar advice was given to the Regional Governments and their agencies. So successful was this campaign that by 1965 "no less than 85% of Nigeria's foreign exchange reserves and assets were held by the Central Bank in Lagos".[1] In other words only 15% of Nigeria's foreign exchange assets was left with the Bank of England (London).

Apart from political consideration, certain imperatives forced the govenment to encourage economic contacts outside the British-Nigerian traditional colonial circle. By the end of 1961 officials were finishing Nigeria's First National Development Plan, "the first of a booster to put the spaceship of our country into orbit where it can forever circuit on its own."[2] The main goals of the plan were to raise the rate of economic growth at 4% compound and a capital expenditure of £653.8 million and to increase the standard of living of the people, who were to have an increasing control of the nation's economy.

The government was aware of the problems to be face if these objectives were to be attained on schedule. "In the first place" the Federal Minister of Finance analysed,

> there will be the problem of finding the enormous sums of money which will be needed.. (and) secondly there will be the problem and a very real one indeed, of securing the necessary manpower.[3]

By mobilising various internal resources, the government calculated that it could raise £326.7 million of the £653.8 million needed for capital expenditure during the plan period.

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1. Central Bank of Nigeria, Annual Report and Statement of Accounts for the Year Ended 31 December 1965 (Lagos 1966) p. 58.

2. Chief F.S. Okotie-Eboh, Federal Minister of Finance, quoted in West African Review, 33, July 1962, p. 4

3. House of Representative Debates, 6 April 1961, Col. 914.

The balance, £327 million was to be met from external sources. The plan assumed that about £65 million would be invested annually in the private sector of the economy; of this, £33 million was expected to come from foreign investors.[1] Obviously Nigeria's need for foreign capital had risen to a level where discrimination against certain sources became untenable. Therefore, the Federal Government at the end of 1961 had to make "strennous attempts to attract external aid from all sources including the Eastern Bloc countries which have not financed Nigeria's Development Plan so far."[2]

At the same time, it was admitted that the successful

> implementation of our development programme largely depends on our ability to finance the import of the required investment goods and eseential consumer goods. This calls for an expansion of exports in order to acquire the necessary foreign exchange.[3]

With the launching of the development plan, the government found it increasingly necessary to widen its campaign for foreign capital and to seek more customers for its exports. For the first time since independence an all Nigerian delegation on an overseas economic tour was instructed by the Minister of Finance to visit the Eastern as well as the Western bloc countries to solicit technical and financial assistance and "look into the possibilities of expanding trade between Nigeria and the countries which are to be visited."[4]

1. First National Development Plan: Progress Report, 1964 (Lagos 1965) p. 7.

2. Ibid.

3. The First National Development Progress Report. I Ibid. p. 10.

4. House of Representative Debates, 6 April 1961 Co. 931.

The result of all this explanation by the Minister of Finance was that from 1962 on the government pursued an 'open door' policy with respect to its external economic relations. The petty bourgeoisie running the affairs of the state realised that they had to burst out of the narrow confines of the colonial strait-jacket if they were to transform themselves into a national bourgeoisie. The motives of the Nigerian petty-bourgeoisie should not be misunderstood however; it did not intend to disrupt the colonial (British) link or reject dependent capitalism, but wished only to diversify its base and carve out a niche for itself in the Nigerian economy via the state. Thus, the officials charged with negotiating the various trade agreements with Nigeria's new friends were instructed "to ensure that the increased trade which will flow from them will constitute a real increase and will not merely divert exports which now go to our established markets."[1] In pursuance of its policy to promote exports, the Federal Government reversed its earlier policy; from 1961 on licenses for oil exploration and extraction were granted to non-British companies. Consequently, of the 9 firms prospecting in Nigeria 7 were American, and one other Shell-BP was Anglo-Dutch.[2] Although Shell-BP still controlled 85% of Nigeria's oil production at that date, investment in the industry had become much more multinationalized and more competitive than it was for the 1958-61 period.[3]

By far the most innovative action taken by the state to safeguard the interest of the Nigerian bourgeoisie was the

1. Mobilisation Budget, 1961, p. 18.
2. Federal Ministry of Mines and Power, Petroleum Division: Annual Report, 1965-66, Lagos, 1966.
3. Davies, Max (1967) "Nigeria: The Politics of Disintegration. The importance of Oil" Seminar Paper. London University Institute of Commonwealth Studies, 24 May, 1967, p. 13.

passing of an Immigration Act of 1963.[1] The Federal Minister for Internal Affairs introduced the Immigration Bill to the House of Representatives on 28th March 1963 in order to protect the national economy and security in so far as those ends could be achieved by immigration control. According to the Minister,

> when this Bill becomes law the conditions under which non-Nigerians enter the country for business purposes will be tightened up, and would give legal effect to the present system of granting expatriate quota to companies to employ expatriates in this country.[2]

The Federal Ministry assured foreign investors in Nigeria that the purpose of the Bill was not in any way, to jeopardise their business interests. But, rather, the Bill was designed:

> to ensure not only in those categories of employment, which cannot be fulfilled adequately by Nigerian citizens and only in respect of those commercial and industrial enterprises not adequately served by Nigerians, will permission be granted for none - Nigerians to be employed or participate.[3]

The petty-bourgeoisie in and outside the House of Representatives welcomed the Minister's address with optimism, hope of signs of good things to come. Members then went on to say that these foreign businessmen bring out their relatives to do all jobs which Nigerians ought to do. On retail trade which many Nigerians could do themselves, they should not be allowed to bring their relatives "to displace Nigerians of their possible means of livelihood."[4]

The Syrians and the Lebanese in particular came under severe attack by a member who thought that they

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1. Alhaji the Hon. Shehu Shagari was the Federal Minister for Internal Affairs.
2. House of Representatives Debates Report (1963)
3. Ibid. Col. 476, p. 254.
4. Ibid. Col. 483, p. 257 by H.n. Dr. Kalu Ezera (Bendel East.)

> have not contributed anything to help this country. They come here merely to trade. Most of them came in empty handed but in the course of time, they extract all the money we have in this country by way of trading.[1]

But the debate was not an all-out attack on foreign businessmen in Nigeria. An Honourable Member had counselled that foreign investors who were coming into Nigeria should not be discourage by the word "quota". He thought that a man coming to Nigeria with a lot of money to invest ought to have his own representative here. Then he added, "Charity begins at thome, but it does not end at home. I will not go to invest my money in a place if I may not have my brothers there to help me supervise my business."[2]

The outcome of the Immigration Bill was the Immigration Act of 1963 which for the future directly attempted to control the type of business or profession which a non-Nigerian can establish in Nigeria, and the number of expatriates that could be employed therein. Indirectly, it also dealt with the type of jobs which such non-Nigerians could be engaged in, and the number of expatriates that could be employed in each company or orgainsation.

First, as to the establishment of a business, the Act forbade any non-Nigeria

> on his own account or in partnership with any other person, to practise a profession or establish or take over any trade or business whatsoever or any company with limited liability for any such purpose, without the consent in writing of the Federal Minister of Internal Affairs, given on such conditions as to the locality of operation and persons to be employed by or on behalf of such

1. Ibid. Col. 489, p. 261 Hon. Mr. D.C. Ahametula (Okigwi South West).

2. Ibid. p. 259. Hon. Mr. S.A. Ogedengbe (Owo North).

person, as the Minister might prescribe.[1] Secondly, any person desirous of entering Nigeria for any of those purposes had to produce the consent of the Chief Immigration Officer, and failure to do so was an offence which made the offender liable to deportation as a prohibited immigrant.[2]

The authorisation of the Minister for the establishment of a profession, business or trade in Nigeria took the form of a Business Permit, which could, however, " at any time, be revoked, varied or cancelled by the Minister."[3] The procedure for obtaining a Business Permit was by application in quintriplicate to the Permanent Secretary Federal Ministry of Internal Affairs. And as for permission to employ expatriat a term which was used throughout the Act to mean any non-Nigerian citizens, application was to be made to the Chief Federal Immigration Officer in writing.[4]

Application[5] was also necessary where a company or business desired to increase its expatriate quota and, even when it only wanted to employ expatriate staff above the alloted quota for temporary work such as the erection of a factory or installation of machinery.[6] And for his part, th expatriate was not to accept employment, not being employment

1. Interpretation of Section 50 of the Act did not define precisely the scope of the term 'profession' and this allowed lawyers to exploit this loopholes for their expatriates clients.

2. Immigration Act., S 8 (2)

3. Immigration Registration. 1963, 3 (1)

4. Ibid. Section 3 (3)

5. On Immigration Form T2

6. Immigration Act, 1963, S. 33 para. 6.

with the Federal Government or a Regional Government, without the consent in writing of the Chief Immigration Officer.[1]

Finally, the Immigration Notice contained a warning that a company or business was permitted to employ expatriate staff only up to the number granted by the Minister and that such employees had to possess the qualifications stipulated by the company or business when applying to the Minister for a quota.[2] Furthermore, all non-Nigerians on duty in Nigeria had to be counted against the quota granted even though they might be on vacation leave, temporarily absent from Nigeria or were only to be temporarily employed in Nigeria.[3]

The Immigration Act, 1963, was the only bold measure which the government took during the duration of the First Republic. In fact, by 1964, the Government had slipped back to merely issuing policy statements. Thus, in a statement issued in 1964, the Federal Government again affirmed its recognition of the vital role which overseas capital and skills could play in the rapid and national development of the country's resources. However, the new policy was to

> encourage the establishment of Nigerian companies which offered at least ten per cent of their equity to indigenous Nigerian businessmen, and or Government agencies.[4]

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1. Ibid. Section 8 (i) (a).

2. Ibid. para. 7.

3. Ibid. para. 8

4. Industrial Development in Nigeria, Federal Ministry of Information, Lagos 1964 p. 18.

Special consideration was to be given to companies which made "maximum use of Nigerian material and resources". More specifically, "a Nigerian component of 45%" was considered adequate.[1]

As between the Government of the Republic and foreign investors, the statement went on to add that the First National Development Plan fully recognised the vital role which overseas capital and skills could play in development. Accordingly, the Government extended "a cordial welcome to partnership[2].

Finally, the statement revealed the policy underlying the expatriate quota system to be based on the need to train Nigerians for higher skills, and to afford them the opportunity to gain experience and expertise in the vital tasks of developing the country's resources. But where executive, managerial, or technical personnel were required from outside Nigeria for new industrial enterprises, generous consideration was to be given to applications.[3]

7.4. CONCLUSION

We may conclude that the Nigerian petty bourgeoisie at independence was weak, small in size and largely commercial in orientation. Thus indigenous private capital could not and did not play any significant role in the development of medium and large-scale industry. The Nigerian petty bourgeoisie could provide no real challenge to foreign capital which made

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1. See "Statement on Industrial Policy" Sessional Paper; No. 6. 1964, Federal Government Printer, Lagos p. 1.
2. Ibid. para. 6. p. 5.
3. "Statement on Industrial Policy". Sessional Paper, No. 6. 1964 para. 5, p. 4 - 5.

its alliance with important elements within the political class and the bureaucracy. Although there was nationalist opposition to the dominance of British and other foreign capital, nevertheless, this was limited and largely ineffective in the 1960s. Finally, state policies which aimed at modifying foreign interests were directed first at the produce buying, transport and distributive sectors, and then, after the public service had been Nigerianised, at expatriate employed in industry.

Generally speaking, the 1960s (like the 1950s) was a decade of political nationalism for most Africans. It was a decade in which the phrase "Seek ye - first the political kingdom and all else shall be granted thee "[1] became a household expression in developing nations. Unfortunately for Nigeria, the decade of political nationalism which led to independence did not go hand in hand with economic nationalism. It did not lead to the emergence of the Nigerian national bourgeoisie proper. Nigeria was economically dependent on Britain, the erstwhile colonial master. Nigeria was, in short, an appendage of the capitalist system. This appendage to the capitalist system led to status inconsistency which culminated in economic nationalism. Although the Nigerian bourgeoisie had realised in the course of their agitation for better roles for Nigerians in the national economy in the 1940s and 1950s, it was in the 1960s that they began to feel that political independence without economic independence was mere 'flag independence'. According to W. Krause many African statesmen felt:

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1. Kwame Nkrumah cited in Irving L. Markovits, (1977), Power and Class in Africa, New Jersey, Prentice-Hall, p. 14.

> that they have not achieved an adequate degree of economic independence and that, without an adequate degree of economic independence, the newly won political independence has little real meaning.[1]

This was the mood in which most African states entered the 1970s. Thus, the 1970s became a decade of economic nationalism for these states. It was during this decade of economic nationalism that the Nigerian Enterprises Promotion Decrees of 1972 and 1977 (otherwise known as the "Indigenisation" Decrees) were promulgated. The next chapter will examine the Decrees and their effects on foreign capital and the role of the Nigerian bourgeoisie in the Nigerian economy in the 1970s.

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1. Krause, W. (1965) International Economics, Boston, Mass: Houghton Mifflin, p. 309.

CHAPTER VIII

THE STATE AND THE CAPITALIST PROCESS IN THE 1970s

8.1. INTRODUCTION

The Civil War put an end to the issue of regional secession in Nigeria. Both the Northern and the Western regions had threatened to split the federation earlier, but it was by no means a coincidence that it was the Eastern region which finally attempted to achieve secession. It was to the Eastern region that the oil revenues had begun to flow during the 1960s, and oil was to determine the future of the Nigerian economy, thus disturbing the interregional balance based on the incomes derived from agricultural exports.

The Civil War also paved the way for a new type of state. A strengthening of the power of the central government was necessary to distribute and invest incomes from the petroleum exports thus reinforcing the tendencies inherent in economic growth towards centralisation. Immddiately before the outbreak of the War, the military government laid the foundation of a new constitution by creating 12 states out of the 4 regions. The number of states was later in 1976 increased to 19 which remained until 1987 when the Babangida regime created ten more states.[1]

1. The creation of 12 states out of the four old regions was a political and strategic move by the Gowon Regime to encourage the minorities support for the government and to undermine the Igbo position in the then Eastern Nigeria. The creation of Cross River and River States cut the Igbo off from the main crude oil fields and deep sea ports of Port Harcourt and Calabar. And subsequent; addition to the twelve states created in 1967 were made to encourage more participation in national politics and economic development through revenue allocation to each state and to local governments.

A new constitution was introduced in 1979, and a civilian government was elected under President Shehu Shagari. In comparison with the constitution of the First Republic modelled on the British Parliamentary System, that of the Second Republic was modelled on the American Presidential System with wide executive powers given to the President. It was, moreover, characterised by strong central control over the distribution of revenues.[1]

While petroleum prices remained almost constant during the 1960s, production increased from 5 million barrels a day in 1960 to almost 325 million barrels a day in 1970 and more than twice this amount in 1980. Earnings from oil exports increased accordingly from about ₦9 million in 1960 to ₦500 million in 1970. Oil prices almost quadrupled between 1973 and 1974 from a level of $3.8 per barrel to a level of $14.7 per barrel. During 1979 and 1980 they increased almost by 300% from a level of $14.1 per barrel at the end of 1980. Export earnings increased from about ₦1,000 million in 1971 to a level of ₦13,000 million in 1980.

The tremendous hike in the value of petroleum exports dwarfed the traditional role of agricultural earnings in total exports. Whereas agricultural exports in 1960 accounted for 75% of the value of total exports it fell to a minimum of 2.4% in 1980[2], while petroleum exports moved in the

1. Oyovbaire, S.E. (1978) 'The Politics of Revenue Allocation' in Soldiers and Oil: The Political Transformation of Nigeria ed. K. Panter-Brick London, Frank Cass, Pp. 224 - 249. See also Kirk-Greene, A and Rimmer D. Nigeria since 1970s: A Political and Economic Outline, London, Hodder 1981 pp. 1-30.

2. Hans-Otto Sano (1983) 'The Political Economy of Food in Nigeria 1960-1982' Research Report No. 65. Scandinavian Institute of African Studies p. 21

opposite direction from a level of 2,7% of total export value in 1960 to a level of more than 95% in 1980.[1] The scissor-like relationship between agricultural and petroleum exports was, however, not only due to upward turn of petroleum prices and production. Agricultural exports declined absolutrely from the middle of the 1960s. After Independence, the Regional Governments continued the policy started under colonial rule of extracting surpluses from the peasant export producers. Through monopoly trading institutions such as the Marketing Boards - the governments controlled agricultural export prices and levied duties on exports. The peasants were often only paid about half of the world market prices for their produce, while the rest accrued to the regional government.[2]

Finally, in 1973, a reform of the Marketing Board System was carried out, but at that time the peasants had already refrained from investing in new trees or production equipment, or had decided to shift to the production of food crops, the prices of which were rising. Exploitative government policies were however, only partly responsible for the deterioration of agricultural exports. World market prices fell or stagnated after the middle of the 1960s, while at the same time the booming economy of the Nigerian home market during the 1970s demanded a growing

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1. Hans-Otto Sano (1983) p. 21.

2. See Olayide, S.O. and Olatubosun, D. (1972) Trends and Prospects of Nigerian Agricultural Exports, Ibadan NISER p. 77. Helleiner, Gerald (1966) Peasant Agriculture, Government and Economic Growth in Nigeria, Homewood, Illinoi, Richard D. Irwin, p. 162 and The World Bank (1974) Nigeria: Options for Long-Term Development Baltimore, The John Hopkins University Press, p. 79.

share of the groundnut, palm oil and cotton production. Moreover, plant diseases affected groundnut production in particular. Hence, while cocoa and rubber exports continued throughout the 1970s, groundnut, palm oil, and cotton exports virtually stopped towards the middle of the decade. (See Table 8.1).

TABLE 8.1 Agricultural and Petroleum Exports 1960-80. Quantity (in 1,000 tonnes and in millions of barrels) (b) Value in N million) and percentage of agricultural Exports.

Year	Quantity	Value N	Exports Share of Exports	Quantity	Value N	Share of Exports
1960a	1,218.0	251.0	75.8	5.2	8.8	5.7
1963	1,506.0	289.0	54.9	81.9	136.2	25.9
1970	799.1	253.4	28.6	324.5	510.0	57.6
1971	785.4	232.8	18.0	451.7	953.0	73.7
1972	629.6	155.0	10.8	541.2	1,176.2	82.0
1973	718.5	224.5	9.9	594.1	1,893.5	83.1
1974	494.7	254.5	4.4	607.3	5,365.7	92.6
1975	417.7	216.1	4.4	538.7	4,563.1	92.7
1976b	529.8	261.0	3.9	604.2	6,321.7	94.7
1977	391.2	364.9	4.8	741.4	7,072.8	92.7
1978	285.8	408.9	6.7	604.0	5,401.6	89.1
1979c	305.5	459.8	4.2	803.4	10,166.8	93.8
1980d	240.1	337.7	2.4	729.5	13,523.0	96.1

Source: World Bank: Nigeria, Options for Long-term Development. Report of a mission sent to Nigeria. Baltimore, The John Hopkins University Press, 1974. PP. 213-14. Central Bank of Nigeria Annual Reports 1972-80.

(a) Including cocoa, cotton, groundnuts and groundnut oil, palm oil and Kernels, and rubber.

(b) The quantity of oil exports 1960-76 have been converted from tonnes to barrels. 1 tonne = 6.3 barrels.

(c) abd (d) 1979 revised figures, 1980 Provisional.

Finally, the production of both food and export crops was affected by the rural - urban migration which became a dominant feature of the 1970s. Due to the Civil War, large sections of the younger population were uprooted, while at the same time the growing incomes from the oil earnings served to enhance the level of economic activities, particularly in the southern states of the country. There was thus an increasing demand for both skilled and unskilled labour. Between 1970 and 1975 the urban population increased by 7% annually compared to a growth rate of 4.8% during the 1960s, whereas the proportion of the labour force in agriculture fell from 62% in 1970 to 56% in 1978.[1] Hence, the rural labour force was taken from a section of the younger population, a fact which affected food as well as export crops production adversely.

It was within this context that the Second National Development Plan 1970-74 was launched. The most important and relevant parts this plan are the various sections which explain the objectives and processes of the indigenisation policy of the government on both the industrial and commercial fronts.

The combination of war-time retionalisation and centralisation of the economy and the revenues generated by the 'oil boom' in the decade following the Civil War, led to a total qualitative trasformation of the Nigerian political economy. It was a period characterised above all by an increasing, and increasingly active state involvement in the economy particularly in the interrelated processes of industrialisation and indigenisation, an era which Peter Waterman calls 'the period of

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1. Estimates by the World Bank: (1978) World Development Reports pp. 100 and 102 and 1980, p. 146.

peripheral capitalist industrialisation[1] and which I.V. Sledzevsky terms 'a special stage in the development of state capitalism in Nigeria.[2] Both writers were attempting conceptually to come to terms with the fact that the Nigerian political economy since 1970 has gone beyond its 'neo-laisser faire', 'open-door' phase of the 1960s, or as Walterman puts it, the 'robber-baron phase of regionalised, tribalised and centrifugal commercial capitalist competition'[3] into a new stage of state sponsored, but still dependent, industrialisation, along the capitalist road to development and within the framework of a more genuinely 'national' political economy.

The encouraging economic situation and the flush of victory in the Civil War gave rise in much of the country to a mood of buoyant confidence which the Second National Development Plan reflected. The Second Plan stated confidently:

> The war has helped to generate greater confidence in the basic strength and resilience of the Nigerian economy and enhance its potential credit worthiness abroad. The origin of this confidence.. (must be ascribed to) the overall natural endowments of the country in the fields of agriculture, livestock, forestry, fishing, water resources, mineral oil, solid minerals, fuel and energy, It must derive from the quantity and quality of its manpower, the innate ability of its people and their determination to transform

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1. Walterman, Peter 'Capitalist Development, Labour Control Strategy and the Working Class Movement in Nigeria" in W.D. Graf (ed) (1988) Towards a Political Economy of Nigeria, Benin City and Cambridge, forthcoming quoted from manuscript, p.3.

2. Sledzesky. I.V. (1979) 'Entwicklungs Probleme des Staatskapitalisms in Nigeria de Siebziger Jahre', Asien-Africa-Lateinamerika: Vol. 2. No. 7, p. 217 Quoted in D. Graf The Nigerian State, H.E.B. p. 53.

3. Ibid p. 53.

> their country politically, economically and socially. The Nigerian economy has emerged from the war as probably the most promising in Tropical Africa.[1]

Thus, the post-Civil War approach to economic development displayed confidence, and a sense of nationalism and purpose previously lacking. The Plan explained:

> What Nigeria lacked most in the past has been the national sense of purpose particularly in economic matters. The Federal Government will, therefore, occupy the 'Commanding Heights' in the quest for purposeful national development and provide the leadership and honest administration necessary for the attainment of a national sense of purpose.[2]

The plan laid down the objectives of the Federal Government as follows:

(a) a united, strong and self-reliant nation;

(b) a great and dynamic economy;

(c) a just and egalitarian society;

(d) a land bright and full of opportunities for all citizens, and

(e) a free and democratic society.[3]

There was also a stronger, more assertive expression of nationalism, a desire to be free of dependence upon foreign capital:

> Experience has shown through history, that political independence without economic independence is but an empty shell... The interests of private investors in the Nigerian

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1. Federal Republic of Nigeria, The Federal Ministry of Information: Second National Development Plan 1970-74, Programme of Post-War Reconstruction and Development. Lagos, The Federal Government Printers 1970 p. 29.

2. The Second National Development Plan p. 32.

3. The Second National Development Plan p. 32

> economy cannot be expected to coincide at all times and in every respect with national aspirations.. a truly independent nation cannot allow its objectives and priorities to be distorted or frustrated by the manipulations of powerful foreign investors.[1]

The government therefore planned to use incentives to encourage desired investments. Those who invest in priority areas were to be favoured in the administration of incentive programmes; "only carefully selected industries which meet the requirements of national priorities will qualify".[2]

Apart from the differential application of incentives, government was to mobilize a range of other controls to improve the allocation of investment. There was considerable stress on government and indigenous private ownership in partnership with foreign investors statements about government ownership were much firmer and more insistent on at least 55% ownership in the Iron and Steel complex, in petrochemical industries, in fertilizer production and in petroleum products. Moreover, government and indigenous private equity together were to amount to at least 35% in a number of other important industries,[3] not only in employment at all levels, including technical and managerial positions, but also in partial owner[illegible] of foreign-run companies.[4] The government even raised the posibility of nationalisation.[5]

1. The Second National Development Plan. p. 289.
2. The Second National Development Plan p. 144 and pp. 279-286
3. The Second National Development Plan pp. 145 - 146.
4. The Second National Development Plan pp. 144 - 145. 226-22
5. The Second National Development Plan p. 289.

The transformation which the political economy underwent during the Second Plan and in the course of indigenisation exercise that followed the Plan found expression in the Third National Development Plan of 1975-80. Public investments in this Plan were increased almost ten fold in comparison with the Second Plan. For the first time in the whole of planning era, allocations for primary production, trade and industry were given priority over infrastructural works. Altogether, the economic sector received almost 2/3 of the total allocation, reflecting the attempts to exploit the new sources of wealth and embark on a rapid course of industrialisation.

The Third Plan was the biggest and the most ambitious which Nigeria has ever launched. Whilst the First Plan involved a capital expenditure of ₦2.2 billion and the Second Plan an expenditure of ₦3.0 billion, the Third Plan proposed a capital expenditure of ₦30 billion. Whilst the former two Plans proposed growth rates of 4% and 6.6% per annum in real terms, respective the Third Plan proposed a growth rate of over 9% per annum.[1] There was no gain - saying that the Third Plan had the "propensit to dazzle."[2] (See Table 8.2).

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1. Federal Republic of Nigeria, The Federal Ministry of Economic Development: Third National Development Plan 1975-80; Vol. 11, Lagos 1975. p. 8.

2. Phrase used by Sir Arthur Lewis, (1966) See Develop- Planning - The Essentials of Economic Policy, George Allen & Urwin.

TABLE 8.2

PUBLIC INVESTMENT PROGRAMMES BY SECTOR, 1955-80 NAIRA MILLION

	1955	1960	1962	1968	1970	1974	1975	1980
	₦m	%	₦m	%	₦m	%	₦m	%
Primary Prod.	37.8	5.7	183.5	13.6	368.3	11.0	4881.7	14.9
Trade Ind.	20.8	3.2	180.6	13.4	237.7	7.1	5875.2	17.9
Trans. & Comm.	264.6	43.1	347.6	25.7	1031.0	30.8	8642.0	26.3
Other Econ. Investments	35.2	5.3	203.5	15.1	142.0	4.2	1075.2	23.2
Education	47.8	7.2	139.5	10.3	400.0	11.9	2463.8	7.5
Health	27.8	4.2	34.2	2.5	152.6	4.6	759.9	2.3
Water	37.0	5.6	48.5	3.6	144.8	4.3	930.0	2.8
Other Social Investments	45.6	7.0	100.8	7.5	105.3	3.1	3397.0	10.3
Administration	93.4	14.1	98.1	7.2	607.8	18.2	4449.6	13.6
Rest	30.2	4.6	7.8	0.6	73.6	22.2	-	-
Total	660.2	100.2	1351.4	100.0	3349.9	100.0	32854.6	100.0

SOURCE: Tomori and Fajana: 'Development Planning' in Olalokun (ed.); (1979) Structure of Nigerian Economy, p. 140.

The objectives of the Third Plan were taken from the Second Plan as stated above.[1] Recognising that the 'five national objectives' outlined in the Second Plan were not operational magnitudes against which the success of the Plan could be unambiguously measured, the planners considered that the objectives however provide "a broad view of the ultimate aspirations of the society".[2] Unlike the Second Plan, the Third Plan gave the specific short-term objectives which would be used to facilitate the ultimate realisation of the national objectives as:

(a) Increase in per capita income,

(b) More even distribution of income,

(c) Reduction in the level of unemployment

(d) Increase in the supply of high level manpower

(e) Diversification of the economy

(f) Balanced development;

(g) Indigenisation of economic activity.[3]

In relation to the last objective - indigenisation of economic activity - the Plan explained:

> It has long been government's objectives to increase the participation of Nigerians in domestic trade, industry and other economic activities. This policy which was given effect in the Nigerian Enterprises Promotion Decree of 1972, will be consolidated during the Plan period. Nigerians will be encouraged, through the provision of information, financial and technical assistance, to branch into activities now dominated by foreigners. While foreign enterprise will continue to be welcome, policy will be directed at ensuring that Nigerian

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1. See Chapter 4 of the Second National Development Plan 1970

2. Third National Development Plan, p. 29.

3. Third National Development Plan. p. 29.

> entrepreneurship is present and dominant in all sectors of the economy.[1]

The industrial policy of the government stated in the Plan was quite comprehensive. The overall objective of government policy, with respect to the manufacturing sector during the Plan period; includes: the liberalisation of industrial policy to encourage indigenous and foreign entrepreneurs in most of the subsectors of manufacturing, increased use of the Nigerian Bank for Commerce and Industry and the Nigerian Industrial Development Bank and direct government participation as the main instruments of ownership and indigenisation of business, review of the existing incentives to take account of the present realities of the Nigerian situation.

Finally, the Plan maintained that the 1972 Nigerian Enterprises Promotion Decree had been a success in the sense that it had 'revealed the investing capabilities' and attitude of Nigerians. And that foreign investors have also begun to realise the great advantage of indigenous participation which does not only make their position more assured but as also capable of promoting industrial peace. The Plan further explained that the govenment will continue to encourage indigenous entrepreneurs in creating new industries while various financial institutions will help capable indigenes to acquire existing industries. However, the intention of government is to consolidate and not to advance compulsory ownership indigenisation in this Plan Period.

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1. The Third National Development Plan, p. 30.

The Second and Third Plans increased government and private indigenous participation from 1971. By 1975 the Nigerian National Oil Corporation for example, had become the majority shareholder in all the companies extracting petroleum, as also in the refining and internal distribution of petroleum products. Substantial public shareholdings have also been acquired in the foreign-owned commercial banks and insurance companies and in several newly established manufacturing firms. Majority public shares were prescribed in the Second and Third Plans for major projected industries including iron and steel making, petro-chemicals fertilizers and liquefaction of natural gas. Substantial indigenous stakes - government and private were prescribed for other industries including food processing, forest products and building materials, construction and plantations. It is within the clauses of the Second and Third Development Plans that the 1972 and 1977 Nigerian Enterprises Promotion Decrees were conceived and actively implemented.

8.2. THE NIGERIAN ENTERPRISES PROMOTION DECREES 1972

The objectives of the Nigerian State as laid down in the Second National Development Plan (1970-74) could not be realised unless the State had a firm control over the Nigeria economy. To ensure that the state has some control over the economy and also to ensure local retention of profits for the expansion and development of the Nigerian capitalist process, as mapped out in the Second Plan, the Military Government, on June 17th 1971, issued a statement of its intention to promulgate a decree banning foreign participation in the retail trade and 26 other small enterprises and businesses. The move was stated to be aimed at encouraging Nigerian businessmen and reducing the country's unemployment level. The statement also listed 22 other enterprises which were to be barred from foreign businessmen whenever the fixed capital was under ₦400,000 and indigenous participation was less than 40%, it was further stated that the government aimed to encourage Nigerians to own businesses in medium-size industries.[1]

The announcement added that new directives had also been issued to the Nigerian Industrial Development Bank (NIDB) "to invest up to 80% in indigenous Nigerian business." The Government anouncement was immediately welcomed by the Nigerian bourgeoisie and its organ - the press as an "economic reform of potentially revolutionary proportion."[2] However not all jubilated for two basic reasons: First, the seriousness of the Government was yet to be demonstrated. According to the New Nigerian, "to pass laws and expect everything to turn out fine is a trap in which Nigerian government all too often falls". Secondly, the Nigerian bourgeoisie were yet to take advantage of the opportunities to be created by the government measure.[3]

A. The Schedules of Enterprises

The Federal Government Policy Statement (White Paper) of 1971 was followed by a Decree which would implement the policy. The Decree was the Nigerian Enterprises Promotion

1. See West African Magazine, No. 28 20, 12 July 1971 p. 765.
2. See Editorial Opinion of the New Nigerian, Monday 21st June, 1971 p. 1. See also Daily Times, Editorial Opinion Sat. June, 19th 1971, p. 3.
3. West Africa, No. 2821, 9th July, 1971. p. 784.

Decree, No. 4 of 1972.[1] In keeping with the earlier policy statement, Schedule 1 of the Decree contained a list of 22 enterprises (as against 26 contained in the policy statement of June 1971) exclusively reserved for Nigerians.[2] Thus, an expatriate who was already engaged in any of the listed enterprises was permitted to continue to operate provided, however, that he sold or transferred his entire interest in the enterprise by or before 31st March 1974[3] the starting date. Thus, over 2 years of advanced notice was given to all expatriates whose business activities fell within Schedule 1 of the Decree, to relinquish their interests in such enterprises.

The most biting aspect of the Decree was the prevention of all expatriates who were not already in the enterprises under Schedule 1, from entering these enterprises i.e. those reserved exclusively for Nigerians.[4] To support this provision, an enterprise was deemed to be alien "unless the entire capital or proprietary interest, whether financial or otherwise," in the enterprise, was "also owned and controlled by Nigerian citizens or associations".[5]

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1. Federal Republic of Nigeria, The Nigerian Enterprises Promotion Decree, No. 4 of 1972.

2. See the List of Enterprises Index Schedule 1.

3. The Nigerian Enterprises Promotion Decree of 1972, No. 4. Section 4 (1) (a) And Section 16 (1).

4. Section 4 (1) (b)

5. Section 4 (2).

Schedule II of the Decree contained another list of 33 enterprises[1] against the 22 listed in the policy statement which could no longer be established by an alien unless he complied with the requirements as to the paid up share capital or turnover as well as the equity participation of Nigerian Citizens or associations while the already existing alien enterprises under the requirements.[2]

The requirements were that as from 31 March 1974, the paid up share capital of the affected enterpirse had to exceed N400,000 or, the annual turnover of the enterprise had to exceed N1 million whichever the Nigerian Enterprises Promotion Board (NEPB) considered to be "appropriate and applicable in relation to such enterprise"[3]. Finally, equity participation of Nigerian citizens or associations in the enterprise was also not to be less than 40%.[4]

For the purpose of effective monitoring and compliance with the foregoing provisions, the Decree provided that the computation of the paid-up share capital and the turnover of any enterprise should be reflected in the accounts submitted by the affected enterprises to the Federal Board of Inland Revenue for the purpose of Income Tax returns during the years of assessment 1968/69, 1969/70 and 1970/71 whichever was the highest.[5] In the case of an enterprise

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1. See the List of Enterprises Index Schedule II
2. The Nigerian Enterprises Promotion Decree of 1972 (Section 5) (I)
3. The Nigerian Enterprises Promotion Decree of 1972 (Section 5 (I) (a) (I) and (II)
4. The Nigerian Enterprises Promotion Decree of 1972 (Section 5 (I) (b).
5. The Nigerian Enterprises Promotion Decree of 1972.

established after April 1, 1971, the share capital and the turnover of such an enterprise should be sent to the Federal Board of Inland Revenue for the purpose of income tax returns during the year of assessment next following the year such an enterprise was established.[1]

B. Machinery For the Execution of the Decree

(i) The Nigerian Enterprises Promotion Board and the State Committees.

The Decree established the Nigerian Enterprises Promotion Board (NEPB) with powers to advance and help the development of enterprises in which Nigerians were to participate fully and play a dominant role.[2] Thus, the functions of the NEPB were both advisory and executory.

In the advisory capacity the NEPB was directed to:

(a) advise the Commissioner on clearly defined policy guidelines for the promotion of Nigerian enterprises;

(b) 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 take such recommendations as may be necessary on these matters in such manner as may be directed by the Commissioner and finally,

(c) perform such other functions as the Commissioner may determine, or as may be conferred on it by this Decree or any other enactment...[3]

Membership of the NEPB was also specified in the Decree. The Permanent Secretary Federal Ministry of Industries was

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1. The Nigerian Enterprises Promotion Decree of 1972

2. The Nigerian Enterprises Promotion Decree of 1972. (Section 5) (2) (a).

3. The Nigerian Enterprises Promotion Decree of 1972 Section 2 (A) - (C).

to be the Chairman. There was to be one representative each from the Federal Ministry of Trade, Finance, Economic Development and Reconstruction, and Internal Affairs.[1] In addition, there were to be three representatives of Development or Investment agencies incorporated in Nigeria, and a Secretary to the Board who had to be an officer in the Federal Ministry of Industries. The Board could also coopt any person to attend its meetings and assist the Board in the efficient discharge of its duties. All appointments were to be made by the Commissioner.

The Board was, in turn, to be assisted by a Nigerian Enterprises Promotion Committee established in each state.[2] The composition of each state Committee also corresponded with the set-up at the Federal Board itself. The major functions of the State Committee were to assist and advise the Board on the implementation of the Decree and ensure that the provisions of the Decree were complied with by aliens residing or carrying on business in the country.

This arrangement has been criticised by a number of scholars. According to Paul Collins, the composition of the Kaduna State Enterpirse Promotion Committee was dominated by Civil Service officials either from the Ministries of or from the State's Public Corporations.[3] Collins noted that

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1. The Nigerian Enterprises Promotion Decree of 1972 Section I (3) (a) and S I (3) (b) (i) - (iv)

2. The Nigerian Enterprises Promotion Decree of 1972 Section 2 (1)

3. Collins, Paul, "The Political Economy of Indigenisation The case of the Nigerian Enterprises Promotion Decree", African Review, Vol. 4., No. 4, 1974, pp. 491-508.

apart from its statutory composition of Ministries of Trade and Industries officials, the State Committee also comprised a representative each from the Northern Nigerian Investment Company Ltd., the Northern Nigerian Development Company Ltd., Dunlop Nigeria Ltd., and the Registrar of Cooperatives. The same could be said for all states committees.

Finally, although the functions of the Board were purely advisory, nevertheless, it had a number of executive duties relating to the effective implementation of the provisions of the Decree. The Board could in writing, request any person to furnish such estimates, returns, or other information as might be specified and the time, manner and form in which they were to be furnished.[1] Also, whereon or after March 31, 1974, any alien who continued to be the owner or part owner of any enterprise in contravention of the Provisions of the Decree, without being exempted, the Board was empowered to take over,[2] sell or otherwise dispose of the enterprise and to distribute the proceeds of such sale as might be directed by the Board.[3] Finally, all expenses incurred by the Board in relation to the exercise of any of these powers were to be a charge upon and be defrayed by the Board from the proceeds of such sale or disposal.[4]

Before we consider other machinery set up to administer the Decree, it is necessary here to note that the Decree itself was silent on a number of administrative issues for the

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1. <u>The Nigerian Enterprises Promotion Decree of 1972</u>. (Section 7).
2. Section 12 (2) (a) - (c) and S. 12 (3)
3. Section 12 (1) (b) (i) - (ii)
4. Ibid.

successful implementation of the Decree. For example, the procedure for ascertaining the number of foreign companies affected by the Decree, their location and assets, and the Nigerians that were interested in buying such enterprises and other vital statistical data were all inadequate.

Generally, the Decree lacked any policy guidelines, which the NEPB established under it, was to implement. The NEPB was often not sure of the role it was expected to play in the implementation of the provisions of the Decree. For example, while Section 12 of the Decree empowered the Board to take over, sell or otherwise dispose of any of the assets of foreign enterprises which, by 31 March 1974, had not yet complied with the Provision, the Board denied that it was going to takeover any enterprise. The Commissioner on the other hand maintained that such enterprises would be taken over by the Board. It was only then that the Board made it clear that it would take-over foreign enterprises guilty of non-compliance[1].

Finally, the Decree failed to enlist the support and active participation of the indigenous businessmen to be affected by it, especially there was no genuine information about the nature, number and location of foreign enterprises operating in Nigeria. Also the Decree failed to specifically involve the indigenous businessmen by having some of their members represented on the Board and State Committees. Had the Decree enlisted the Cooperation of the various Chambers of Commerce and Manufacturers Associations throughout the country, the take-over exercise might have had a greater impact. But these useful independent non-government agents were ignored

1. The Nigerian Enterprises Promotion Decree of 1972. Section 5 (3) (a).

and too much reliance was placed on the NEPB, the State Committees, Inspectors of Enterprises and an all powerful Commissioner for Industries.

(ii) <u>Powers of the Federal Commissioner for Industries</u>

The Decree vested wide powers in the Federal Commissioner for Industries to be exercised with the approval of the Federal Executive Council. The most important power of the Commissioner was his power to exempt any enterprise in Schedule II in order to enable an alien owner of such enterprise to comply with the foregoing requirements.[1] Although the application for such exemption had to be made within the period of 4 months preceding the appointed date, many aliens used this as an escape loophole not to comply. The exemption was granted for an initial period of six months from the appointed day, subject to such conditions as the Commissioner might, on the recommendation of the Boards specify. And further renewal of the exemption period was possible on the recommendation of the Board and with the approval of the Federal Executive Council for a further period of not more than six months at a time on any subsequent application thereafter.[2]

Section 8 of the Decree made the Commissioner a 'tin god' by empowering him by an order published in the Federal Government Gazette and with the prior approval of the Federal Executive Council:

i. to alter the list of the enterprises specified respectively in Schedule I and II of the Decree, "by way of addition, substitution or deletion."[3]

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1. <u>The Nigerian Enterprises Promotion Decree of 1972</u>. <u>Section 5 (3) (a)</u>.

2. <u>The Nigerian Enterprises Promotion Decree of 1972</u> <u>Section 5 (4)</u>

3. <u>The Nigerian Enterprise Promotion Decree 1972</u>, Section 8(a)

ii. to vary the amount of the paid-up share capital of the enterprise, the extent of the equity participation of Nigerian citizens or associates in the enterprise, and the years of assessment which should be applicable "or any of those matters"[1]

iii. the provision empowered him to make such different provisions in relation to different enterprises or as respects different areas of the Federation and to impose such terms and conditions he might deem necessary..[2]

In addition to these powers the Commissioner could hear appeals in writing by aggrieved persons or corporate bodies on any decision of the Board, or on any action taken by the Board as empowered under the Decree. Furthermore, subject to the approval of the Federal Executive Council, the Commissioner could confirm or reverse the decision of the Board or take such further measures in relation to the petition as he might think just and reasonable.[3]

Finally, the significance of this power became apparent by the provisions of the next, succeeding, section which barred a right of appeal against any act, matter or thing done or purported to be done by or under the Decree. It was stated clearly in Sections 15 and 16:

> For the avoidance of doubt, no proceeding by way of originating summons, certiorrari, mandamus, prohibition, injunction or any other prerogative Writ shall lie or be instituted on account of or in respect of any such act matter or thing done or purported to be done.[4]

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1. <u>The Nigerian Enterprise Promotion Decree 1972,</u> Section 8(b)

2. <u>The Nigerian Enterprise Promotion Decree 1972</u>, Section 8(c)

3. <u>The Nigerian Enterprise Promotion Decree 1972,</u> (Section 14.)

4. <u>The Nigerian Enterprise Promotion Decree 1972</u> Section 15 and Section 16 (4).

Most foreign businessmen and their governments felt that the powers given to the Commissioner and the Board were too much. The British High Commissioner in Nigeria, Sir Cyril Pickard, at the time echoed foreign businessmen's complaints when he broke protocol and publicly stated that the powers of the Board were too wide.[1] The High Commissioner also insisted that the Decree made the Commissioner a colossus who could make or unmake virtually anything with respect to the Decree.

(iii) The Inspectors of Enterprises:

To implement all that have been discussed were the Inspectors of Enterprises who were members of the Public Service of the Federation. But instead of being made responsible to the Board, they were made answerable to the Federal Commissioner for Industries.

The Inspectors were to "have such powers and carry out such functions' as the Commissioner might confer on them."[2] More specifically the inspectors were empowered to inspect any building or premises where any enterprise was being carried on or, which they reasonably suspected was being used for any purpose contrary to any provisions of the Decree. The Inspectors had powers to require any business establishment to show their accounts books and other documents so as to ensure compliance with the provisions of the Decree.[3]

1. See Daily Sketch Saturday March,4, 1972 p. 1., Sir Cyril Pickard was the British High Commissioner to Nigeria in the early 1970s.

2. The Nigerian Enterprises Promotion Decree of 1972. Section 6 (2)

3. The Nigerian Enterprises Promotion Decree of 1972 Section 6 (3) (a) and (c).

(iv) Penalties

The Decree made it an offence for any person, without lawful authority, to obstruct any Inspector in the discharge of his functions under the Decree. Another offence which carried a heavy penalty was for a Nigerian to act as a front, or, to purport, for the purpose of defeating the objectives of the Decree, to be the owner or part owner of any enterprise.[1] Or furthermore, to operate any enterprise for, or on behalf of any alien whom the Decree had either not permitted to operate the enterprise, disqualified from operating the enterprise or not permitted to own or, be part of such an enterprise. Any person found guilty of any of these offences was liable on conviction to a fine of ₦15,000 or, to imprisonment to a term of 5 years or both.[2]

Generally speaking, the penalty provisions were said to be too lenient. The Nigerian Press at the time demanded tougher measures against defaulters. The Daily Times for example advocated imprisonment to be mandatory on the basis that since decisions taken under the Decree were not subject to challenge in the Law Courts, the tribunals ought not to give offenders options of fines or imprisonment.[3]

Finally, Section 10(2) of the Decree forbade any Nigerian citizen or association to employ, whether on full-time or part-time basis, any alien for the operation of any

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1. The Nigerian Enterprises Promotion Decree of 1972 Section 10 (1) (a)

2. The Nigerian Enterprises Promotion Decree of 1972 Section 11 (2).

3. See Daily Times, Editorial, March 3, 1972, p.1 and p.3 See also New Nigerian, Editorial, March 2 1972

enterprise previously owned by that alien and which he had disposed off pursuant to the Provisions of the Decree. As there was a critically short supply of Nigerians to take up managerial posts, many felt that private companies should have been allowed to employ expatriates since the government itself did employ expatriates in its Companies and Corporations.

8.3. THE IMPLEMENTATION AND REVISION OF THE 1972 DECREE

The Nigerian Enterprises Promotion Decree 1972 aimed at reducing overall alien control of the Nigerian economy. However, there were problems with the implementation of the Decree. Shortly before the March 31, 1974 deadline, about 3,000 foreign firms had applied to the NEPB to find out if they were affected by the Decree but only about a 1,000 of them were found to have been affected.[1]

Addressing the opening session of a three-day seminar organised for indigenous businessmen by the Lagos Chamber of Commerce and Industry, Mr. Samuel Asabia, the then Deputy Governor of Central Bank of Nigeria (CBN) revealed that 427 foreign companies had complied with the Indigenisation Decree. Of these, 82 were said to have been sold wholly to Nigerians while 40% of the shares of the remaining 345 companies were similarly transferred to Nigerians.[2]

Less than 2 weeks later Mr. A.S. Ekukinam, a high official of the same CBN and President of the Nigerian Economic Society said at a symposium that 1,954 were involved in the indigenisation exercise under Schedules I and II. He further

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1. Sanwo, P. 'How far have we Indigenised?' Daily Times, March 2, 1974, p. 13.

2. See New Nigerian, Thursday 3 October, 1974, p.9.

stated that 237 out of 326 enterprises in Schedule I (worth (₦20 million) and 503 businesses out of a total of 628 business in Schedule II (worth ₦60m) had complied with the Decree. He further observed that with 75.5% of the businesses complying, the implementation of the Decree would appear to have been smooth.[1]

The Third National Development Plan, 1975-80 published in March 1975 threw more light on the figures put forward by various officials. According to the Plan about 430 companies had complied by late 1974. In Schedule I the nominal value of shares of companies affected by the Decree was assessed at about ₦53 million.[2] The position was clearer in the Schedule II enterprises. Between May 1973, and October 1974, the Capital Issues Commission which dealth with public companies in Schedule II of the Decree, had fixed prices for the ordinary shares of 24 public companies and over 54 million ordinary shares of 50k each were transferred to Nigerian citizens and associations.[3]

Finally the true positon of things was later stated to be that a total of about 950 enterprises, excluding

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1. See New Nigerian, Monday 11 November, 1974, p. 13.

2. The Third National, Development Plan (1975-80) p. 19, para. 36.

3. Ibid. Para. 38. A sectional breakdown of shares transfered to Nigerians showed 18,831,000 shares in 13 companies in the Manufacturing sector; 31,987,000 shares in 8 companies in the Commercial Sector; 3,233,000 shares in 3 companies in the services sector. Furthermore, the average price fixed for 50k ordinary shares in the 13 companies in the manufacturing sector was 69K compared with an average of 54K for the Commercial companies. (p. 20 para. 38).

exemptions, were affected by the Decree, 357 of which fell under 100% indigenisation (Schedule I) and 593 came under 40% indigenisation (Schedule II). The Report went on to add that:

> As at 30th June, 1975, only 58% of Schedule I enterprises and 89% of Schedule II enterprises hand previously complied. Confirmed cases of compliance after proper inspections numbered only 314 as at 30th June, 1975, that is, only about 33%.[1]

Despite various criticisms levelled against it in the Press, in March 1975 the Third National Development Plan (1975-80) was published, and the nation was told that the Implementation of the Nigerian Enterprises Promotion Decree had been successful. And the policy statement commended that:

> In the Third Plan period Government will continue to encourage indigenisation of entrepreneurs in creating new industries while the various institutions will help capable indigenes to acquire existing industries. However, the intention of Government is to consolidate and not to advance compulsory ownership indigenisation in this Plan period.[2]

Thus there was to be no more indigenisation programme for the rest of the 1970s as far as the Gowon administration was concerned. And true to that assertion, the economic (as well as the political) situation became tense , stagnant and ominously charged, and remained so until the end of July, 1975.

On the 29th of July 1975, the Gowon Government which had itself confessed to having no more economic programme or reform to perform was overthrown in a simple and bloodless military

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1. See Federal Military Government's Views on the Report of the Industrial Enterprises Panel, p. 4, para. 3.

2. Ibid. p. 155, para. 29.

coup. The overthrow was greeted with spontaneous and universal relief and joy. The new government of Murtala Mohammed had hardly settled down when the Nigerian Press again rose vehemently to urge the new government to conduct "a thorough investigation into the implementation of the Indigenisation Decree."[1]

Consequently, the Military Government ordered an enquiry into the implementation of the Decree. The terms of reference of the Inquiry headed by the Managing Director of the Nigeria Stockbrokers, Mr. Adeosun included:

(a) detailed investigation into the alleged irregularities ties in the sales of foreign business to various companies and individuals in Nigeria; and

(b) recommendation to the Federal Military Government on measures that could be taken to make the indigenisation exercise more meaningful and effective.[2]

While the Industrial Enterprises Panel was working, a serious political development occurred that acted as a catalyst in the indigenisation programme. On February 13, 1976, a few dissident soldiers within the Nigerian Army attempted to overthrow Murtala Mohammed's regime. The coup attempt failed but the Head of State - General Murtala Mohammed was killed along with his aide Lt. Akintunde Akinsehinwa.[3]

The cruel and sad incident inflamed the whole nation against foreign interests in Nigeria, particularly the

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1. See The Nigerian Tribune, Saturday, September 20, 1975 pp. I and II.

2. For the full terms of reference see Federal Military Government's views on the Report of the Enterprises Promotion Panel, p.3.

3. Daily Times, Saturday, February 21, 1976, p. 32.

multinational corporations,[1] which had been under attack for their activities in Zimbabwe and South Africa.[2] Hence several calls were made for the nationalisation of foreign economic interests in Nigeria.

Meanwhile, the Panel's Report came out and it claimed that the 1972 NEPD had not been "faithfully executed". The Panel's Report noted:

1. That of about 950 enterprises (excluding exemptions) affected by NEPB 1972, some 357 were under Schedule I and 593 under Schedule II;
2. That as at June 30, 1975, only 58% Schedule I and 89% Schedule II enterprises had provisionally complied with the Decree;
3. That of 81 enterprises exempted from the provisions of the Decree, many of them were exempted on questionable grounds;
4. That after proper inspection, only 314 actually complied with the provisions of the Decree;
5. That defaulters have not been prosecuted two years after the appointed day of the Decree.

In essence, the first phase of the Indigenisation Programme was a limited success. Having identified the reasons for this limited success, the Panel made some recommendations.

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1. See Ejiofor, P.N.O. (1976) "Multinational Corporations as Agents of Imperialism" New Nigerian, Thursday, 18 March, p. 5 and 6.

2. See Journal of the Anti-Poverty Movement in Nigeria, Vol. 3, No.3 April-June 1976. p. 14, see also The Nigerian Academy of Arts, Science & Tech., Publications, Univ. of Ibadan (ed.) by Dr. Ola Oni. See the Lagoon Echo, Sept. Dec. 1975, p. 12. See also Business Times, Tuesday Feb. 24, '76 p.11.

In the white paper containing its view on the Panel's Report, the Federal Military Government (FMG) accepted the basic conclusions of the Panel as to the degree of success of the first phase of the Indigenisation Programme. It expressed some disappointment that although the 1972 NEPD was promulgated principally to give Nigerians greater opportunity for a more effective participation in the economic life of their country, some Nigerians the White Paper noted, were found to have actively conspired with alien investors to frustrate some of the intentions of the FMG.

In accepting the Panel's Report, General Olusegün Obasanjo (who succeeded General Murtala Mohammed) in a nation-wide broadcast stressed:

> In embarking on indigenisation, Government has been influenced by the need to place control of the Nigerian economy squarely in the hands of Nigerians and to ensure that Nigerians are the main beneficiaries from the resources of their country.

He announced that he was promulgating a new Indigenisation Decree. Thus on January 12 1977, the Nigerian Enterprises Promotion Decree 1977 (Decree No. 3 of 1977) was promulgated. This Decree was made retroactive to June 29, 1976. In respect of enterprises mentioned under section 7 of the Decree, the date of compliance was put at June 30, 1977 while December 31 1978, was set as the "appointed" date for other enterprises.

Under the new Decree, "enterprises" operating in the country were grouped into three categories: Schedule I, II and III. As under NEPD 1972, Schedule I covers those enterprises considered to be within the "competence" of Nigerians to manage. Such enterprises numbering some to 40 opposed to twenty-two under NEPD 1972 were reserved exclusively for Nigerians. Listed under Schedule II were 57 enterprises, most of which were more complex and capital intensive. Unlike the provisions under NEPD 1972, Nigerian equity participation in such firms was set at 60%. A newly established Schedule III had listed under it 39 enterprises which require 40% Nigerian equity participation.

Institutional Organs for the Implementation of the Indigenisation.

We have noted that one of the basic defects of the first phase of the Indigenisation Programme is the inadequate machinery for the implementation of the NEPD 1972. The Industrial Enterprises Panel Report suggested a thorough overhaul of the institutional organs connected with the implementation of the first phase of the Indigenisation Programme if the Second Phase was to succeed. Let us now examine some of the organs for implementing the indigenisation programme.

(1) The Nigerian Enterprises Promotion Board (NEPB)

The NEPB in which great hope had been placed, proved hopelessly inadequate to the task before it. The Staff strength was very small consisting only 5 Senior officials and 33 Junior Staff as at the end of August 1972.[1] In the Panel's view, if the NEPB was to be an effective organ to advance and develop the promotion of enterprises in which citizens of Nigeria shall participate and play a dominant role it should be converted into an autonomous institution

1. See Federal Ministry of Industries, Information Bulletin p. 16..

accountable to the Cabinet Office. But the FMG thought that this was unnecessary and that all that was required was that the Board be appropriately strengthened at Board and management level and should continue to be accountable to the Ministry of Industries and not the Cabinet Office.

On the role of the Board in the implementation of the Decree, the Panel recommended an expansion of its functions and powers so as:

(1) to ensure assumption of control of the economy by Nigerians in the shortest possible time, and

(2) to create effective institutions, providing technical and financial assistance as well as general advisory services to indigenous businessmen and institutions.[1]

The FMG accepted the first recommendation but rejected the second which it thought was already adequately taken care of by other institutions.

(II) The Lagos Stock Exchange

The Lagos Stock Exchange which was to have encouraged stock quotation on the Stock Exchange Market was criticised for doing next to nothing to encourage companies affected by the Indigenisation Decree to seek Nigerian participation. Rather its influence was exerted to scare away well meaning companies by arrogating to itself the role of the custodian of all written and unwritten laws and of the nation's conscience. Thus, whereas 22 companies were quoted on the Stock Exchange as at January 1 1972, by the end of September 1974, only 13 additional companies had been granted quotation

1. See Federal Ministry of Industries, Information Bulletin, p. 12 Para. 28.

figure that was described as "a mean achievement against the potential offered by the Indigenisation Decree".[1] The Panel therefore recommended that:

> fewer difficulties be placed in the way of companies seeking to issue securities on the Stock Exchange without relating the existing disclosure requirements of the Companies Decree 1968 or those of the Exchange designed to protect investment.[2]

In addition, it was to devise measures of reducing the cost of making public issues".[3]

Finally, the Panel recommended that the management and staff of the Stock Exchange needed to be strengthened if it was to command the credibility and respect which similar institutions in other parts of the world were enjoying.[4]

(iii) <u>The Capital Issues Commission (CIC)</u>

The most glaring error was the failure to promulgate the Decree setting up the CIC before the implementation of the Nigerian Enterprises Promotion Decree of 1972 began to take effect. Since the Commission was charged with putting fair and reasonable values on the transfer of assets composed in the sale of shares to Nigerians, the Decree ought to have been promulgated before the first indigenisation exercise. The oversight resulted as it were, in putting the cart before the horse.

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1. Onosode, G. (1974) Cited in <u>Daily Times</u>, Tuesday, 19 November, p.7

2. <u>Federal Government's Views on the Report of the Industrial Enterprises Panel</u>, p. 13, para. 37.

3. Ibid. p. 15 para. 43.

4. Ibid. para. 42.

Even when eventually the C.I.C. Decree of 1973 was promulgated, there was a big blunder in the restriction of its activities to only public Companies. This created the impression that the government did not consider it its responsibility to protect Nigerians against inflated prices in the sale of shares of private companies bearing in mind the fact that nearly all the good companies that were affected by the Indigenisation Decree were private companies.

IV The Nigerian Bank for Commerce and Industry (NBCI)

The Nigerian Bank for Commerce and Industry (NBCI) had no problem in financing the indigenisation exercise. Under Schedule I where businesses was transferred privately, the NBCI said "we even had more buyers than the number of businesses available."[1] That capital did not constitute any problem to the implementation of the Indigenisation Decree was also confirmed in the Head of State 1974/75 Budget Speech in which he stated that if anything, the issues had been" over subscribed many times."[2] The Bank started operation late in 1973 whereas the indigenisation programme was to start in 1974. By that date there had been a general disappointment that the Bank had become "another development bank rather than an all purpose banking institution" which the Decree established it to be. This was confirmed as early as October 1973 when the then Permanent Secretary Federal Ministry of Finance, Mr. Allison Ayida, told the Indigenization Committee of Lagos Chamber of Commerce and Industry that the NBCI would not

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1. See New Nigerian, Monday, 11 November, 1974, p. 13

2. See Federal Government Budget Speech "A Better Life for the People", Federal Government Printer, Lagos 1974/75, p. 12.

normally consider application for loans under ₦20,000[1]. A structural change which the Panel recommended was that the bank be made to incorporate under the Banking Decree with 49% of its equity share capital floated publicly and quoted on the Lagos Stock Exchange. Its tax holiday was not to exceed 5 years and it was to operate as a normal commercial organisation.[2]

V. The Nigerian Industrial Development Bank (NIDB)

The Panel felt that NIDB's total outstanding disbursements of only ₦35.43 million out of approved investments amounting to ₦310 million (that is a mere 27% disbursement) was "low by normal standards of judgement".[3] It added that "in a situation where shortage of funds never constituted problems", NIDB's outstanding investment of ₦35.43 million in all of its 12 years is a poor showing being as it is a meagre 0.6% of the total national capital formation.[4]

As regards indigenisation, although the Bank had improved upon its 1970 performance (when 68% of its investment were in alien enterprises) to just 30% in 1976, nevertheless, the Panel felt that: "More room exists for improvement as it does not appear right for public funds such as channelled by Government to NIDB to be loaned to alien enterprises at will."

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1. See Ayida, Allison Paper titled "Financial Arrangements for the Indigenisation Exercise" in Nigerian Business Digest, Nov. 1973, p. 3 and p.5
2. The Report of the Industrial Enterprises Panel p. 25 and p. 79.
3. The Report of the Industrial Enterprises Panel Chapter VII, p. 26 para. 84(I).
4. The Report of the Industrial Enterprises Panel para. 84 (ii).
5. The Report of the Industrial Enterprises Panel para. 84 (vi)

The obvious conclusion of the Panel was that the Bank had not measured up to expectation in terms of its overall impact and that it would be necessary for it to play a completely new role. The desired new role which it recommended was that of a dynamic institution taking the initiative to effectively promote and finance new enterprises in strategic areas of the economy. In addition, it was to be prepared to wait for longer periods of up to 7 years before expecting profits out of some of its investments.[1]

The Bank would further need to place more emphasis on the financing of indigenous enterprises and less on foreign enterprises. As a corollary, however, the sum of ₦350 million earmarked for the bank during the current 1975/80 Third National Development Plan period was considered "small in comparison with our national need or potential or even in comparison with the achievements of similar institutions elsewhere such as in Brazil, Iran and Turkey".[2]

8.4. THE IMPACT OF THE INDIGENISATION EXERCISE ON THE NIGERIAN DEPENDENT CAPITALIST PROCESS

(i) Capital Accumulation

The indigenisation programmes made a great impact on capital accumulation and wealth concentration and distribution in Nigeria. In examining capital accumulation, some scholars have argued that indigenisation is "a handy means for multi-nationals to raise extra finance locally."[3] The argument is based on an accurate view of indigenisation essentially as a non-strategy of economic decolonisation and independent

1. The Report of the Industrial Enterprises Panel Para. 84 (vii).
2. The Report of the Industrial Enterprises Panel. para 84(iv).
3. Collins, Paul (1983) "The State, Foreign Enterprises and Industrial Capitalism in West Africa' ASA Conference Paper p. 1

industrialisation, in so far that the ruling class opts for passive financial participation in existing foreign enterprises and in many cases on a non-controlling equity basis, especially where these enterprises involve higher levels of technology.

Financial flows and benefits derived from the indigenisation exercise has led to a high level of restructuring on the part of many multinational subsidiaries to boost dividend payments to original shareholders in the years prior to indigenisation. Similarly, state intervention has also resulted in very handsome benefits to the emergent class of indigenous shareholders, who acquired new shares at premium in most cases. At the same time, the style of government supervision of offers tended to be heavy handed. Additionally, the share offers with some exceptions as a few companies had floated shares even before the 1972 Decree, were mostly made to comply with the Decrees rather than as a result of identifying investment opportunities for expansion and can hardly be seen as a "handy" form of company finance. Costs of floatation could be high, whilst proceeds going to the company were few because of the valuation policy of the CIC, in some cases overriding the issuing houses. But naturally the foreign companies did their best to turn the situation to their advantage by way of maximising other perhaps more important political benefits.

A further factor to distinguish in assessing the nature and extent of flows of financial benefits relates to the proportion of shares sold through public offers and those by private sales, the later escaping government regulations and supervision. Under the 1972 Decree only 18 companies made public offers whilst the majority (585) sold theirs privately at prices more related to new asset value or the business as a going concern, and may probably have been discouraged by the CIC's intervention in public offers.

Against this background and taking in this case only public offers for subscription, it will be seen from Table 8.3 that the 1972 Decree resulted in a very low pricing of shares. The low pricing of shares was also coupled in many cases with a high forecast dividend yield. Lever Brothers for example predicted 69%, with an expected price earnings ratio of approximately 1.4 times. Thus it was not suprising that many issues were oversubscribed - UAC 8.4 times.[1]

1. Collins, Paul (1983) Op. Cit. p.8.

TABLE 8.3

NOMINAL VALUE, ISSUE PRICE, EXPECTED DIVIDEND YIELDS AND PRICE/EARNINGS RATIOS OF OFFERS FOR SUBSCRIPTION BY SOME PUBLIC COMPANIES IN NIGERIA

COMPANY	Nominal Value per share in KOBO	Issue price per share in KOBO	Expected Dividend Yield %	Price Earnings Ratio	Date of Issue
Nigerian Breweries Ltd.	50	90	16.1	2.7	Sept.'73
Nigerian Bottling Co. Ltd.	50	90	38.9	2.1	Dec. '73
Berger Paints (Nig.) Ltd.	50	35	37.5	2.5	Oct. '7
Vono Products (Nig.) Ltd.	50	51	19.6	4.0	Dec. '73
Blackwood Hodge (Nig.) Ltd.	50	52	24.0	2.5	Oct. '73
Costain (W.A.) Ltd.	50	50	50.0	1.98	Mar. '74

Sources: Prospectus of each company, cited by E. Inanga "Dividend Policy in an Era of Indigenisation: A Comment" <u>Nigerian Journal of Economic & Social Studies, 17(2)</u>, p. 140.

However, high forecast dividend yields have also been seen as a reflection of the very generous dividend payouts to the parent companies in the years prior to indigenisation. If true, the arguments supportive of the views would imply that indigenous capital accumulation was infact stunted by the mechanics of indigenisation. Regarding the pricing of shares by the CIC, the low level at which this was done was variously caused. First, it contained a reaction on the part of CIC to the pre-indigenisation dividend policies of the foreign companies and a desire to fix a price which would yield the Nigerian investor approximately the rate of returns in terms of earnings and dividends which the parent company had realised in previous years. Secondly, all companies had had a policy of undervaluing their assets and shares for tax reasons. In so far as the 1972 Decree was reflected in the book value of a company's assets, all foreign companies were clearly caught out in this practice. Hence many private issues had to be done on the basis of a revaluation of existing assets.

TABLE 8.4

Allotment of UAC Shares (1973)

Number of Shares Applied for	Number of Applicants	Actual Allocation of Shares
50 -	7208	In full
100 - 500	60436	80
550 - 950	2153	100
1000 - 5000	5198	130
5050 - 10000	247	250
10050 - 20000	104	600
22500 - 50000	78	1500
60000 - 100000	14	2200
125000 - 250000	11	3800
500000	1	7130

Source: Collins, Paul (1983) 'The State, Foreign Enterprises and Industrial Capitalism in West Africa' ASA Conference Paper p. 8.

The revised 1977 Indigenisation Decree contained improved procedures for government supervision of share transfers as well as more specific guidelines for allotment. First, the CIC had now become directly involved in the mechanics of all transfers - public and private: the pricing of shares, selection of buyers and manner of allotment. Second, allotment practices were required to emphasise a wide pattern of distribution: individual Nigerian participation, amounting to 10% of the stock issued in compliance, half of which has to go to non-managerial staff, as well as from state agencies and institutions.

From our analysis so far, it is clear that indigenisation made an impact on capital accumulation to the capitalist process. Under the 1972 Decree, there was some net outflow as a result of repatriation of proceeds of sale of existing stock boosted by high dividend payments prior to the Decree. However, most sales after the 1977 Decree were offers for subscription which could only result in a cash inflow into the companies reserves. Depending on the magnitude of outflows due to inflated dividend payments as well as the extent to which Nigerians actually purchased their equity - even after 1 Decree - it is likely that the total exercise produced net local inflow in so far as the value of 1977 sales exceeded the 1972 sales to the extent of 3.3:1.[1]

But against this has of course to be reckoned the extent to which the indigenisation legislation has deterred new flows

1. Collins, Paul (1983) Op. Cit. 13.

of investment from abroad, a possibility which would in any case probably be offset by Nigerian public sector loan equity investments in industry in the same period. Some official concern over this may have arisen if we recall the new incentives for foreign investors (tax and customs exonerations guarantee of profit transfers, etc) were announced in connection with the Third and Fourth National Development Plans.

(ii) Distribution

Apart from the issue of the direction and magnitude of capital flows as a result of indigenisation, another, perhaps more important, issue concerns the nature of the accumulation and concentration of wealth amongst the benefiting indigenous bureaucratic, professional and commercial strata - especially the bearing this has on the emergence of the long awaited indigenous bourgeoisie or entrepreneurs.

Numerically, the distribution of shares allotted in the course of indigenisation varied according to the categories of issue - public or private. Public issues were characterised by a diffused pattern of distribution, even after the 1972 Decree which required only minority equity participation and before the 1977 Decree increased indigenous participation in some sectors to majority status as well as legislating for preferential allotment to the small shareholder. Thus, for example Table 8.4 shows UAC's allotment of shares (the largest issue) in response to the 1972 Decree. In response to the 1977 Decree Tables 8.5 and 8.6 illustrate continuing trends from share allotments of Tate and Lyle and The Nigerian Bottling Company.

TABLE 8.5

ALLOTMENT OF TATE & LYLE SHARES
(1978)

No of Shares Applied for	No of Applicants	Actual Allocation
Up 200	4863(69%)	In full (45%)
200 - 600	1197	260
600 - 1500	234	350
1500 - 2500	47	500
2500 - 5000	22	650
5000 - 10000	15	800
10000 - 15000	3	1000
15000 - 20000	4	1200
20000 - 55500	4	2000
100000 +	2	2375
		4,140,000 (76%)

The total issue was 1,500,000 ordinary shares at 90k each. 7,470 applications were received for 2,686,770 shares (1.8 oversubscription). 10% was reserved for employees and taken up in full. 5 applications were received from State Governments and agencies for 305,000 and were allocated 210,000.

Source: Tate and Lyle 1978. Annual Report.

TABLE 8.6

ALLOTMENT OF NIGERIAN BOTTLING COMPANY SHARES(1978)

No.of shares applied for	No of applicants	Actual allocation
100 - 15000	13543	In full(51.36%)
15100 - 20000	6	15000
20100 - 25000	5	16500
25100 - 30000	5	18000
35100 - 40000	2	21000
45100 - 50000	4	25000
50100 - 55000	6	27000
100200	1	38493
500000	1	160000

The total issue was 6,536,250 (1.2 times oversubscribed). 10% was reserved for employees and taken up in full. State Governments and agencies applications for 1,458,048 shares were allotted 1,088,632.

Source: Nigerian Bottling Company (1978) Annual Report.

One commonly held view is that foreign companies have indigenised their equity in this atomised fashion in order to minimise the possibility of indigenous control arising from increased shares in ownership - up to 60% after the 1977 Decree in some sectors. Certainly the smallness of size of each of the new shareholdings makes it unlikely that any indigenous shareholder could qualify for Board representation.

Outside the sphere of publicly floated issues, patterns of indigenous equity participation are more complicated in terms of both process and visibility. Two patterns were discernable, except that:

(i) the implementation of the 1977 Decree, as applied to private companies, led to many bogus share transfer arrangements;

(ii) various regional variations and differences were apparent. For example, in Kano where the large expatriate - resident Lebanese business community and Hausa-Fulani entrepreneurs have been closely connected over the years, 50% of the shares in some 54 industrial establishments were sold to 6 "big" indigenous Kano-based businessmen - a pattern already emergent after the 1972 Decree[1].

In terms of total value of shares/assets transfer, the largest single socio-economic category to benefit was drawn from the commercial class - the indigenous traders who acquired (often not necessarily through cash purchase) the largest proportion of shares in non-public companies. After the 1972 Decree about ₦70 million worth of shares were privately traded in this way, with a further ₦117 million after the 1977 Decree, totalling ₦187 million over

1. Onoge, Omofume F. 'The Indigenisation Decree and Economic Independence: Another case of bourgeois utopianism' in 'Nigeria's Indigenisation policy'; Proceedings of the Nigerian Economic Society Symposium, 1974 (Ibadan 1975 p. 59. See also collins Paul, Op. Cit. p. 15.

the whole period. The dominance of trader participation is apparent from shareholders' list, but it was in any case the strategy of foreign companies to transform this class - especially from amongst those having prior mercantile links with the company. But much more important is that this group had accumulated considerable wealth from trading surpluses. Thus, for example, of the ₦70 million shares made available by the 1972 Decree, less than 10% were purchased with the aid of bank loans. An estimated ₦14 million worth (20%) were financed from private sources, leaving also a suspicion that many of the shares had been acquired through other than cash arrangements: loans from the issuing company (especially where the buyer was a distributor), or payment out of future devidends.[1]

The second major category to acquire stock was the state and its agencies. Largely, this took place as a temporary measure, where sufficient number of local investors were not forthcoming to buy shares. This was especially the case in Kano State under the 1972 Decree, where a strong sense of metropolitan regionalism underpinned a felt need to restrict access of opportunities to businessmen indigenous to the state. The Kano State Investment Company bought ₦3.2 million worth of shares under the 1972 Decree, this rose to a total of ₦5.5 million after the 1977 Decree. The 1972 acquisitions were also guided by the close and often corrupt connections that existed between the resident

1. Onoge, Omofume Op. cit p. 59 See also Adedeji Adebayo (1981). Indigenisation of African Economies.

expatriate business community and top state, military and administrative officials under the Gowon regime, which resulted in the acquisition of shares in mainly less profitable businesses by some state governments. A covert aspect of this has been the practice of some multinationals allocating blocks of preference shares (as did the UAC in 1972) to state governments. After the 1977 Decree this became a common practice: Tate and Lyle for example allotted 210,000 shares in this way (out of a total issue of 1.5 million) and the Nigerian Bottling Company 1,088,622 (out of a total issue of 6,536,250).[1]

Public issues of shares drew subscriptions from the remaining elements of the Nigerian populace - the professional and bureaucratic strata as well as the business class, and even the workers of the affected companies. The issues resulting from the 1972 Decree had a market value of ₦30 million and from the 1977 Decree ₦214 million, making a combined total of ₦244 million and representing a total of 99 separate floatations. Estimates of the total number of shareholding Nigerians range from 200,000 plus (in 1975) to one million in 1978.[2] In a population of over 100 million, this represents a severe concentration of ownership and accumulation. Despite the oversubscription of earlier issues, coupled with the policy of both government and companies to ration out allotments, access to the stock market is in any case limited by some of the formalities of purchase,

1. See Collins, Paul Op. Cit. P. 17. and Onoge Omofume Op. cit. p.59.

2. See Collins, Paul Op. Cit. P. 18 and Onoge Omofume, op. cit.

for example, the fact that only cheques were accepted by brokers in consideration of applications. This excluded most Nigerians, with the exception of current account holding members of the salariat and entrepreneurial class, and even excluded some of the latter who, for various reasons, prefer not to have bank accounts.

The remaining socio-economic category beneficial of share issues was the labour force of companies required to sell equity, particularly after 1977 Decree directed that a portion of stock be set aside for subscription by employees. The 1977 Decree stipulated preferential allotment equivalent to 10% of the issued stock, half of which was required to go to non-mangerial employees. The response of the employers varied. While some companies reported that the shares allotted to workers were fully taken up (653,625 at Nigerian Bottling Company, and 150,000 at Tate and Lyle for example), others set up workers participation funds to hold shares which were not immediately taken up, whilst others were not interested.

Finally within these broad parameters and, with the exception of workers' participation discussed above, the socio-economic character of Nigerian participation in public issues can to a large extent be determined by the bases of accumulation for subscription. Of the ₦30 million shares indigenously acquired after the 1972 Decree, ₦13.8 million worth of shares were funded by the banks which gave loans to their customers with current accounts. These were granted to various categories of salary and rent earners, civil servants, managers in industries and banks, lawyers, ex-politicians, military officers, traditional rulers and other propertied elements, all of whom have benefited directly or indirectly, alongside the commercial class from public expenditure during the oil boom period.

8.5: CONCLUSION

The role of the state, as expressed in public policy, reflects a complex interplay of sectional, group and class interests. The image of the Nigerian State as "rentier" or "camprador", seen over time, cannot reflect accurately the ways in which its activities have evolved and improved upon itself from the publication of post civil-war National Plan in 1970 through the Fourth National Development Plan and the 1980 - Guidelines on Industrial Policy and Strategy - A period which has seen the 1972 "indigenisation" Decree, the 1975 coup and subsequent public enquiry into the implementation of the former, the revised 1977 "indigenisation" Decree, the 1979 Budget, handover to civilian rule, the 1980 Oil Boom, and the Fifth National Development Plan and 1981 Budget.

State intervention in the form of the indigenisation programmes has had several important effects on the structure of foreign (monopoly) capital. First the merger of some 17 companies to form the UAC group after the 1972 Decree, given the dominant position commanded by that group in both trade and manufacturing, represents a very significant reduction of competition within major branches of foreign capital. At the same time indigenisation legislation restricted the opportunities for new joint venture between foreign capital and those partially foreign owned companies already established in Nigeria and fully subscribed in terms of permissible non-Nigerian equity. A corallary of this is that, in the case of new investments of foreign capital, state demarcation of national market into spheres of joint enterprise, as between foreign capital and indigeneous fractions, has, per excellence, broadened access to accumulation.

In its relation with indigenous industrial capital, the state did, through locational policy, attempt to multiply opportunities through regionalisation, thereby encouraging new elements of the indigenous industrial bourgeoisie in the "hinterland." Paradoxically, this has slowed down the growth of indigenous industrial bourgeoisie by discouraging investment in the historically strategic centres of accumulation - Lagos, Ibadan, and PortHarcourt.

Regarding the pattern of "local" capital accumulation in the 1970's and the role played therein by the emergent indigenous bourgeoisie, albeit largely within the framework of import-substitution, and often led by foreign capital and technology, this role should not be underrated as it sometimes appears to be by the "harmonisation" school of thought. In the Nigerian context for example, Forest implicitly takes such a line in concluding his study by repeated emphasis on lack of "antagonism" towards foreign capital on the part of the indigenous industrial bourgeoisie, absence of any challenge on the part of the same to foreign capital and even of any competition between the two, and finally a class alliance between foreign capital and the state. This is seen to be based on the non-independent status of the indigenous industrial bourgeoisie. However, it should be realised that although objectively the indigenous bourgeoisie may be subordinate to foreign capital in terms of current patterns of accumulation, it nevertheless has a contradiction with the same because it is precisely this domination by foreign capital which makes it possible for it to emerge as an "independent" (or national) industrial bourgeoisie. In other words, the indigenous bourgeoisie does not have to be directly antagonistic to foreign capital. Indeed, despite the apparent dominance of foreign capital, the state did surcharge those public companies obliged to sell shares to Nigerians at low prices. One of the ways in which foreign capital dominates in the former respect is in relation to technology. As the indigenous bourgeoisie grows, it is likely in certain sectors to be move into those fields of production that are technologically more complex and require patterns of relations with foreign capital of the kind provided for by the "joint venture."

Finally, indigenisation has forced foreign capital out of retail, wholesale trading into more complex manufacturing industries on a large scale than before the indigenisation programmes. Similarly, the Nigerian bourgeoisie have been given increased opportunities to participate more and more in the ongoing capitalist process in their country. However, the fact that a substantial proportion of the capital with which the bourgeoisie bought shares came from the Nigerian Bank for Commerce and Industry and major Commercial Banks in which government had substantial shares aids capital accumulation of the ruling class contrary to the egalitarian objectives declared many times in the nation's National

Development Plans. Nevertheless, the indigenisation exercise had propelled the Nigerian bourgeoisie and the capitalist process faster and further than any other legislation or development plan until the introduction of the Structural Adjustment Programme (SAP) by the Babangida regime in 1987.

CHAPTER IX

SUMMARY AND CONCLUSION

DEPENDENT CAPITALISM, STRUCTURAL ADJUSTMENT AND ECONOMIC CHANGE.

This study has been undertaken with the intention of discovering the factors that led to the development of capitalism in Nigeria. We examined the roles played by European merchants, the colonial state, the Nigerian petty bourgeoisie and the post-colonial state in the capitalist process. Primitive (primary) accumulation and the role which the colonial and the post-colonial states played in the capitalist process, are for the research, the most relevant and crucial aspects of capitalist development in Nigeria . In the post-colonial period, we emphasize the attempts by the Nigerian petty-bourgeoisie to create a more positive role for itself within the emerging capitalist process without attempting a radical reorganisation of the dependent capitalist structure established in the colonial period. The effects of the various policies by the petty-bourgeoisie and the post-colonial state had been that the capitalist process in Nigeria remained largely dependent on Western industrialised states for technological advancement, capital and managerial infusion until recently when the idea of 'self-reliance' and 'looking inward' became the watch-word(s) of the Babangida administration.

The findings and conclusions in the preceeding chapters have confirmed the hypotheses stated in Chapter One.(See pages 33 and 34).

We demonstrated in chapter 4 that prior to the 1880s, British and other Europeans merchants had been trading with Africans along the West African Coast for more than 300 years. However, the development of capitalism in Britain and other European countries between the 1750s and 1870s was similar to the previously unparalleled expansion of capitalism as a whole. It coincided with the incorporation of West Africa into the World Capitalist System. We showed how the rapid incorporation of the West African sub-region into the World Capitalist System was due largely to the need for this region's raw materials by the West for their factories. The incorporation was also fuelled by the need for markets for their manufactured goods. (See Chapter III). We demonstrated that the importation of raw materials and the exportation of manufactured goods on a large scale were made possible by the application of steam-power technology to ocean-transport. It was this new development in communication between the two markets that intensified competition among European traders and Africans on the one hand and the growth of oligopolies on the other. Furthermore, it was the intensity of the competition between Europeans and Africans that set the stage for the transformation of the pre-colonial political systems, the pre-capitalist relations of production and the exchange system.

We also demonstrated that it was the intensity of the competition among European traders in West Africa and other part of Africa that resulted in the Berlin Conference of 1884/85. The outcome of the conference was an agreement to partition Africa among European States based on an agreed principle of 'effective occupation'. The British Government succeeded in claiming the Niger and Benue rivers and the land bounding it as her territory due largely to the various treaties which the Niger Company had signed with the Chiefs and Emirs of the various communities along the two rivers. We showed that having won the territory, the British government gave a Royal Charter to the Niger Company which then ran the territory as a proto-state. The establishment of a formal colonial state appeared inevitable given that the Royal Niger was increasingly beginning to encounter the merchant capital of France and Germany. It was in fact in order to better protect the interests of its merchants, in the area against competition and attack from both the Germans and the French interests that Britain revoked the Royal Niger's Charter in 1889. In the atmosphere of the 'scramble', the Royal Niger was forced to relinquish whatever political and administrative powers which had been conferred on it by the Charter in exchange for fuller protection under the British State.

We demonstrated that from 1900 the British sought to establish a colonial state and a dependent capitalist economy. The difficulties experienced in establishing the colonial state often resulted in the frequent use of force. However, by the end of World War I Britain had created a colonial state structure through a combination of diplomacy, political and commercial intrique and force of arms, and it was the use of arms that was decisive. Thus, throughout the early 1900s, the ability of the British imperialists to call on the services of the navy or to mount military expeditions lay behind all other methods of establishing and enforcing its hegemony. And through the Colonial State British merchants were given monopoly advantage over other competitors.

It was in this process that an oligopoly type of capitalism took root in Nigeria. The British who established the colonial state and colonial capitalism had to defend both the state and economy against the traditional ruling class that had lost political and sometimes economic powers; and the emergent educated petty-bourgeoisie who were born out of the contradictions of imperialist hegemony and the capitalist process. The above does confirm our first hypothesis.

Proletarianisation of the Peasantry and its Consequences on the Gandu and Differentiation

In Chapter 5 we examined capital penetration into the countryside and how the proletarianisation of the peasantry was a precondition for the development of capitalist relations and primary accumulation in Kano. In Kano, primitive accumulation became the confrontation between monopoly capital and pre-capitalist modes whose productive forces and relations of production in no way approximated the conditions of the existence of capital. Furthermore, the coercive force of state power was an integral part of the colonial forms of primitive accumulation.

The British who became the ruling class in Nigeria via colonialism wanted and created the infrastructure and institutions that helped primitive accumulation to take place this in turn promoted the capitalist process. To achieve this, colonial officials between 1900 and 1912 set Nigerians to work on public works projects, construction and maintenance of road, railways and building of courts, prisons, government offices, et cetera - this form of forced labour took a large percentage of the peasant labour time. The wages paid for this labour were very low and often 'political labour' was used to offset tax - for particular villages. Tables 5.1, 5.2, 5.3, 5.4, and 5.5 show the role of labour and taxation in creating the new capitalist relations.

The appearance especially of groundnut in 1912, the year of the arrival of the railways in Kano plus the economic activities of the colonial government itself fostered the beginning of wage labour. As we did explain in Chapters 2 & 3, capitalism required free labour (wage labour). More importantly, the gradual rise of wage labour and the spread of commodity production throughout the countryside, gave rise to wholly new social relations and institutions premised on primitive accumulation.

The 1920s and 1930s witnessed the gradual erosion of the economic significance of the Gandu which was occasioned by the high mobility of the family members from the rural system to the urban areas. In so doing this created a labour reserve for commercial firms and Native Authorities in the form of forced labour or meagrely paid labour - all in a bid to run away from the now disorganised and impoverished rural setting. This was the beginning of the proletarianisation of the peasantry which continued a pace till today.

Those who sought refuge in the urban areas found a subculture of the Sabon Garuruwa which eased their frustaations, because they offered a cosmopolitan outlook which also bred social ills like violence, petty theft and juvenile delinquency.[1] This showed that the resocialisation that took place in the Sabon-gururuwa, the mines, the bureaucracy, changed pre-capitalist values and thus, undermined the extended family system - the gandu.

Becuase of the impoverishment of the rural system, communal village work groups, gayya, and other forms of redistribution went into corresponding decline as a large labour reserve grew to be tapped by the budding factories that were being set up after the Second World War. The factories which were established and grew in the 1950s employed these migrant labourers from the villages.

Capitalist Relations of Production and Primitive Accumulation

We showed that while the institutionalisation of the colonial state was going on, the construction of a colonial capitalism was underway in the rural and urban areas. We found that the various land, labour and fiscal laws that laid the bases of colonial capitalism had far reaching consequences on the pre-capitalist rural system as discussed in Chapter 5. Apart from the pauperisation of the peasantry and the transformation of the peasantry into wage workers, the rural system was engulfed by new social relation that now determined every aspect of life. These new social relations did not overhaul pre-capitalist values of the Kanawa,

1. NAI CSO 26/2/12682/VOL. XIII 1948, Annual Report.

but instead articulated with them. The result was that restricted dependent capitalist development was promoted in the sense that capitalist relations of production were extended into areas that eventually led to:

1) the destruction of indigenous cottage industries crucial for industrial capitalist production,
2) the rise of sectors that did not effectively compete with imported manufactured commodities, e.g. the textile industry; and
3) the establishment of factories through import-substitution in the 1950s - the final triumph.

All these led to serious signs of agrarian degeneration and the beginning of a dependent capitalist process. This was evident in a vast and depressing body of traces of social dislocation, erosion, desertification and decreasing fertility of the soil compounded by lack of technological skill advancement.

In agriculture, capitalist relations of production invaded the production process through quality controls over what the farmer grew,[1] followed by inspection of the product which was backed by an Ordinance.[2] Finally, the peasant encountered the market where his choice was constrained or limited.[3] Although the transformation

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1. NAK SNP 1638/1920 Agricultural Ordinance 1916, Regulations Safeguarding the cultivation of American Cotton.

2. Lugard, Lord Political Memoranda..... p. 30.

3. NAK Zariaprof. C7/1940 Trading Centres .. para 9. See also Jenkins, Phys. 'Underdevelopment' in Green, Francis and Nore, Peter Economics: An Anti-Text Macmillan London 1977 pp. 132-47

of the market was not completed in the colonial period, cottage industries were transformed almost completely. Taxation was the medium that destroyed what was once the strength of Kano. As we discussed in Chapter 5, the structure of manufacture in the cottage based industries survived till the colonial period. Transformation was difficult in the circumstances in which they operated. The head of industry could only take on a limited number of apprentices, and usually his sons or immediate relatives - who learned the trade and therefore continued after the death of the head.

This structure of production existed until the colonial period when taxation was used to modify the structure in some cases and totally destroy cottage industries in others.[1] By taxing every male adult in the industries, the colonial state broke the structure, introducing entirely new social relations and institutions within each industry.[2] The result of this was the arrest of technological skill advancement in these industries by the artisans.

The destruction of the cottage industries gave way to the introduction of factory production and new relations of production. In factory production, the machine abolished the role of the artisan as the regulating principle of social production,[3] and imposed upon the workforce new

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1. See Chapter 5 Section 5.5(C)

2. For the general as well as the specific effect of this, see the analysis of Marx, Karl Capital (3vols.) Vol. 1 Penguin Harmondsworth, 1976 p. 479.

3. See Chapter 5, Section 5.5

conditions of work. The machines were imported from Britain and that meant that existing techniques and forces of production were not improved upon.[1] This was the role of artisan production as all factories were required to be grantees of patents in the United Kingdom.[2] This situation where the nature of the factories and their development were tied and determined outside Kano or Nigeria as a whole led to a culture of dependency,[3] for these budding manufacturing industries were destined to depend technologically and otherwise on the whimsical fancies of their metropolitan counterparts and thus underdeveloping the 'peasants' and artisans' own industrial capability in coping with demand.[4]

The question of technology was crucial as Marx wrote:

> it reveals the active relation of man to nature, the direct production of his life, and thereby it also lays bare the process of the production of the social relations of his life, and of the mental conceptions that flow from these relations[5]

The Kanawa had lost the grip on forces that were meant for the development of an independent capitalism and their society. The result of this has been the development of a dependent capitalism.

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1. Wells, F.A. and Warmington, W.A. Studies in Industrialisation ... pp. 77-90
2. See Chapter 5, Section 5.5(d)
3. For an exposition on the culture of dependency See Daniel John See 'Introduction - The culture of Dependency, pp.164-70; 'The culture of Dependency and political Educ. in Africa' pp. 171-9 in Cohen, Dennis L and Daniel John(Eds) Political Economy of Africa. Longman London, 1981.
4. Wells F.A. & Warmington W.A. Studies in Industrialisation.. pp. 38 ff.
5. Marx, Karl, Capital. Vol. 1. p. 493 Footnotes.

The Cotton and Groundnut Marketing Boards which were formed after World War II as demonstrated in Chapter 5 were formed to organise the transfer of economic surplus or surplus capital to the United Kingdom. Even after the 1953 Constitutional Conference when the Regional Marketing Boards were formed, the aim was the same. It had been explained that it was the peasant producers who benefited from a large-scale marketing organisation which also sought improvement of cultivation and collection of crops. The Boards denied capital return to the rural areas and were therefore responsible for the underdevelopment of the countryside.[1] For example, between 1953 and 1960, the Boards accumulated over 29.5 million pounds, £8 million of which remained in British Securities.[2]

In Kano, capital vigorously destroyed the pre-capitalist/pre-colonial production and trade of which Kano was the focus and then proceeded to force the production of raw materials not for the indigenous industries but for Europe on the Kanawas. Finally, capital created industries that were technologically dependent on Britain and financed from there. There was no complete transformation, however only a small fraction of the labour force was absorbed and the wages paid were determined not by the level of productivity of the industries but by the living conditions and standards prevailing in Kano.[3] The process of dependent capitalism

1. Ibid. See also the white paper on the Northern Nigeria Military Government Policy for the comprehensive Review of the past operations and methods of the Northern Nigeria Marketing Board After consideration of the Report of Enquiry into its affairs. (Ahmed Joda Committee of Enquiry) Government Printer Kaduna, 1966.
2. Wells, F.A. & Warmington, W.A. Studies in Industrialisation.. p. 81.
3. Hogendorn, J.S. "The Vent - for Surplus Model and African Cash Agriculture to 1914' in Savana Vol. 5, No. 1 6/76: 15-28.

on the eve of independence had been perfected in Kano. The evidence presented in Chapter 5 abundantly confirms our second hypothesis. The colonial state was used to create a dependent capitalist economy from which she obtained enough money through taxation and licensing to maintain its officials and structures. The metropole (Britain) also benefitted through the importation of cheap raw materials and the exportation of manufactured goods and through profit expatriation to Britain from Nigeria.

Mining and Capital Penetration into the Jos Tin Fields

Capital penetration into the country side in Northern Nigeria especially in Kano and in the Bauchi/Jos areas did not just penetrate into agriculture, it penetrated into forestry and mining as well. And because forestry and mining were less tedius, more lucrative and more capital intensive, it became dominated by the British capital - more than in the other sectors of the economy.

The geological surveys of 1904-1909 confirmed tin deposits over a wide area which was then brought under colonial control by the use of force. The use of force by the British brought relative peace after the initial resistance. This allowed the British govenmment to issue prospecting licences and generate revenue for the colonial administration.

We showed that the increasing interests of British companies in acquiring EPLS and the extension of the rail-ways to the North created a situation whereby the native tin industry was taken over by British companies. Before

1914, most of the tin produced in Nigeria was in fact produced by native miner and prospectors. British companies concentrated largely on prospecting and on the London Stock market. We found that British companies were accumulating through their oligopoly control of land and their exclusive rights to export tin. In other words, they were able to undertake primitive accumulation through the use of force.

And because of the heavy concentration on prospecting and the failure to bring in machinery into the tin fields early, the native miners competed very well with British miners. The result of this competion with British miners was the closure of Ririwian-Dalma - the centre of the native tin industry. The colonial government under the pressure of the metropolitan bourgeoisie and merchants in Nigeria succumbed to the demand for massive land expropriation. Thus, native miners were denied access to rich aluvial deposits and thereby, turning them into tributors. By this development, the 'pigmy' property of many people became the huge property of the few - the shareholders and the capitalists who owned the means of production. Thus, the natives of Jos Plateau and Bauchi were permitted to explore these companies' holdings provided that what they won was smelted and sold to the companies. The effects of this transformation on the natives of Ririwian-Dalma by the 1920s was a return to agriculture en mass. Thus, British capital penetration into the tin fields destroyed the indigenous tin industry and created an oligopolistic control over production, export of tin and prices. This further confirmed our second hypothesis.

The Nigerian Petty-Bourgeoisie' Grievances and the Great Debates of the 1960s.

It is evident from our study that the metropolitan bourgeoisie with the assistance of the colonial state created a dependent capitalist process in Nigeria. In the capitalist process so created, the Nigerian petty-bourgeoisie were not given a prominent role to play except that of commission - agenting, brokerage and petty-trading. This situation did not change much throughout the colonial period. Consequently, the first task for the Nigerian petty bourgeoisie who inherited the state in 1960 was to decide what was to be done about their role in the Nigerian political economy. The evidence we presented in Chapter 7 showed that the emergent petty-bourgeoisie who guided the nation to independence had a factional goal-to replace the British administrators in Nigeria by themselves. And because of this they negotiated independence by degrees, with least possible disruption of the left behind colonial political institutions and dependent capitalism. Under such circumstances, the nationalist movement could not be mobilised through a popular revolutionary struggle not motivated by unifying ideological slogans of 'equity' and of 'social justice' for all. We found that independence was negotiated at the political level while the economy continued to be dominated by foreign capital-British.

We found that due to their background, the Nigerian petty-bourgeoisie who inherited political power at independence were committed to the development of a capitalist economy as long as they were given a prominent role to play in that process. And in such circumstances the petty bourgeoisie oscilated between a benevolent acceptance of the status quo and selected rejection of total economic dependence on Britain and the West. Within the petty-bourgeoisie a faction was more vocal and this group demanded that Nigerians should be allowed not just to participate in certain sectors of the economy, but that certain lines of business be exclusively reserved for them. It was this demand that led to the 'great debate' between Chief Obafemi Awolowo, Action Group-Leader of the Opposition and the Federal Government led by the Prime Minister Sir Abubakar Tafawa Balewa.

In Chapter 7 we highlighted the various aspects of the debates. The conclusion which one can draw from the debates was that the debates forced the Federal Government to examine the role of the Nigerian petty bourgeoisie more critically and to develop new policies that modified foreign capital domination fo the Nigerian economy. Such policy measures included the termination of the appointed British firms running the Nigerian National Shipping Line and the Nigerian Airways. Similarly, the government changed some of its fiscal policies towards Britain and the sterling area by ordering that 10% of Nigerian external reserves were to be held in gold deposited in the Nigerian Central Bank and another 10% to be held in US dollars.

We showed that these changes brought Nigeria out of the colonial strait -jackets and into a situation in which she could deal with other countries and capitalists apart from Britain. However, it was clear that the motive of the Nigerian petty-bourgeoisie was not to disrupt or reject British dominated Nigerian economy; rather they wished only to diversify its base and carve out a niche for themselves through the exercise of state power - they wanted to become private capitalists.

We showed that the Nigerian petty-bourgeoisie who inherited the state at independence were weak economically, small-scale and largely commercial oriented. In the wake of the House of Representative Debates about their role, the Nigerian petty-bourgeoisie themselves realised that they could not as at that time provide real challenge to foreign capital which had made its alliance with important elements within and outside the political class and the bureaucracy. We also showed that although there was a nationalist opposition to foreign capital dominance, nevertheless policy measures and implementation in this direction were largely in effective in the 1960s. Finally, government policies which aimed at modifying foreign capital were directed first at produce buying, transport and the distributive sectors. No attempt was made to extend them to large-scale industrial sector where there was heavy foreign capital presence. Thus, the decade of political nationalism which led to self-government or self-rule did not go hand in hand with economic nationalism. Although the Nigerian petty-bourgeoisie had realised in the course of their agitation for better roles for themselves in the emergent capitalist process, in the 1950s, it was in the 1960s and 1970s that they realised that political independence was mere 'flag independence' if there is no economic independence.

The Impact of the Indigenisation Programme on the Nigerian Capitalist Process

Our fourth and fifth hypotheses tested in this study were confirmed by the objectives and the implementation of the Indigenisation Decrees of 1972 and 1977 respectively. In Chapter 8 we found that the Civil War (1967-70) had effectively put an end to factional fighting within the dominant class. The State that emerged out of the Civil War was stronger and more centralised than what existed before the War. And the men in control of the state and its varied institutions and agencies were more determined than their predecessors to pursue a more nationalistic economcc programme. The encouraging economic situation after the Civil War gave rise in most parts of the country to a mood of bouyant confidence rooted in economic nationalism which the Second and Third National Development Plans fully reflected.

The objectives of the Nigerian state as laid down in the Second and Third Plans could not be realised unless the state had a firm control over the Nigerian economy. To ensure that control and also to ensure local retention of profits for the expansion and development of the capitalist process as mapped out in the Second and Third Plans, the state promulgated the 1972 and 1977 Indigenisation Decrees.

In this concluding part of our work, we wish to emphasise the impact of the Indigenisation Decrees on the capitalist process and how the capitalist process has developed since then.

We showed in Chapter 8 that the aims and objectives of indigenisation were largely achieved. In terms of capital flows and benefits derived from the indigenisation exercise, there was a high level of restructuring on the part of many multinational subsidiaries to boost dividend payments to original shareholders in the years prior to the indigenisation of the Nigerian economy. Similarly, state intervention, has also resulted in very handsome benefits to the emergent class of indigenous shareholders, who acquired new shares at premium in most cases.

A further factor to be distinguished in assessing the nature and the extent of capital flows and benefits relates to the proportion of shares sold through public offers and those by private sales, the later excaping government regulations and supervision. Under the 1972 Decree only 18 companies made public offers whilst the majority (585) sold theirs privately, at prices more than CIC would have allowed. However, the mere fact that these foreign companies were forced to sell to Nigerians privately or otherwise helped the Nigerian petty-bourgeoisie and others to have more stakes in the national economy and this also helped modify foreign capital presence in Nigeria.

We demonstrated that the low pricing of shares by CIC was caused by the malpractices of the foreign firms operating in Nigeria. In the pre-Indigenisation period dividend policies of the foreign companies and a desire to fix a price which would yield the Nigerian investors approximately the rate of return in terms of earnings and dividends which the parents company had realised in previous years. Similarly, we found that all foreign firms had a policy of undervalueing their assets and shares so as to pay less tax. Consequently, in so far as the 1972 Decree as reflected in the book value of a companys assets was concerned all foreign companies were clearly cut out in this practice. Hence many private shares trading had to be done on the basis of a revaluation of existing assets.

The revised 1977 Decree contained improved procedures for government supervision of share transfers as well as more specific guidelines for allotments. Second, allotment practices were required to emphasise a wide pattern of distribution: individual Nigerian participation amounting to 10% of the stock issued in compliance, half of which had to go to non-managerial staff, as well as from state agencies and institutions. Thus, under the 1972 Decreee, there was some net cash outflow as a result of repatriation of proceeds of sales of existing stock boosted by high dividend payments prior to the Decree. However, most sales after the 1977 Decree were offers for subscription which can only result in a cash inflow into the companies reserves. We showed that the magnitude of capital outflows due to inflated dividend payments as well as the extent to which Nigerians actually purchased their equity even after the 1977 Decree produced no local inflow which exceeded the 1972 sales to the extent of 3.3:1. However, foreign capital inflow to the Nigerian economy slowed down between 1972-78. This, we found was offset by Nigerian public sector loan for equity investment in industry at the same period.

When looking at distribution, we found that there were differences between public and private sectors of the economy. Public issues of shares were characterised by a diffused pattern of distribution, even after the 1972 Decree which required only minority equity participation in some sectors to majority status as well as legislating for preferential allotment to the small shareholders. Tables 8.3, 8.4, 8.5, 8.6 show the response of the various foreign companies to the 1972 and 1977 Decrees. The foreign companies sold shares in this atomised fashion in order to minimise the possibility of indigenous control arising from increased shards ownership up to 60% offer allowed by the 1977 Decree in some sectors. We showed that because of this atomised shares' sales, very few Nigerians made it to the Boards that run these companies.

We showed that outside publicly floated shares, patterns of indigenous equity participation were more complicated in the sense that foreign companies sold shares to those businessmen they preferred. And there were regional and state differences in the pattern of shares sales in the private sector.

In terms of total value of shares and assets transfers, we found that the largest single socio-economic category to benefit was drawn from the commercial class despite the claim that the largest group came from Government functionaries.[1] The Nigerian petty-bourgeoisie acquired the largest proportion of shares in the largest non-

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1. Onuoha, Brown (1988) <u>Indigenisation in Nigeria 1972-1983 Resources and Income Re-Distribution. Unpublished</u> Ph.D. Thesis, University of Lagos.

public private companies. After the 1972 Decree about N70 mil. lion worth of shares were sold privately, with a further N117 million sold after the 1977 Decree totalling N187 million over the whole period. We found that Nigerian petty-bourgeoisie's strategy to gain control over certain sectors of the economy was also supported finally by foreign companies because of previous mercantile links. We showed that the Nigerian petty bourgeoisie had accumulated a large amount of liquid capital to buy a huge amount of shares without going to the banks to borrow. Thus, for example, of the N70 million shares made available by the 1972 Decree, less than 10% were purchased with bank loans.

We showed that the second category to acquire stocks and shares was the state and its agencies. Largely this took place as a temporary measure, where sufficient local investors were not forthcoming to buy shares. We gave the example of Kano State which bought large amount of shares which was later sold to the state indigenes. The Kano State Investment Company bought N3.2 million worth of shares under the 1972 Decree; this rose to a total of N5.5 million after the 1977 Decree. We found that most of the companies in which the shares were bought in 1972 were not as profitable as they claimed on paper and Kano State Government lost a great deal of money as a result of corrupt officials who negotiated the shares sales.

Finally, public issues of shares drew subscriptions from the remaining elements of the Nigerian populace, the professionals and the bureaucratic strata and workers. The issues resulting from the 1972 Decree had a market value of N30 million and from the 1977 Decree N214 million, making a combined total of N244 million and representing a total of 99 separate floatations. Estimates of the total number of shareholding Nigerians range from 200,000 plus (in 1975) to 1 million in 1978. Although this represent a severe concetration of accumulation of capital and ownership out of an estimated population of over 90 million, nevertheless, we wish to point out that capitalism generally tends towards concentration of ownership of the means of production and the capitalist process in Nigeria; since the days of the Royal Niger Company to date things have not changed.

The indigenisation exercise in our view did achieve its objectives for having done the following:

(1) forcing out foreign capital in certain areas of the national economy such as retailing, wholesaling and distributorship of most products into a more complex manufacturing sector of the national economy;

(2) allowing Nigerian entrepreneurs to accumulate enough capital in varioud areas to invest in small-scale manufacturing; and

(3) allowing the Nigerian populace as a whole to have a stake in the capitalist economy through their share ownership in various companies.

The achievement of these three objectives modified foreign capital dominance and promoted the capitalist process in Nigeria until the economic crisis of the 1980s. This confirmed our fourth and fifth hypotheses in this work.

At the theoretical level, we have demonstrated with data provided in various chapters that capitalism is an ongoing process world wide. Lenin's thesis on imperialism has been confirmed in the way West Africa as a subregion was integrated into the World Capitalist System because of the need for its raw materials and markets. Similarly, theories of the dependency school have been shown clearly to be relevant in the Nigerian case. Capitalism has been established quite all right in Nigeria - but it is dependent upon the capitalist West for technology. Attempts to change this dependent relationship between Nigeria and the West have failed so far.

One of the most important lessons which have emerged from this study is that our ruling class from the 1950s to date have sought to work within the capitalist paradigm. Socialism which is an alternative to dependent capitalism has always been rejected. The consequence of such a position which our ruling class adopted over the years is that policies are oriented towards making dependent capitalism better. Policies formulated and implemented by various governments have never sought to transform the dependent capitalist economy into a free and competitive capitalism until the Babangida regime initiated the Structural Adjustment Programme in 1987.

<u>THE STRUCTURAL ADJUSTMENT PROGRAMME (SAP) AND THE FUTURE OF NIGERIAN CAPITALISM.</u>

Throughout the 1970's and up to 1982 the Nigerian capitalist process was characterised by the predominance of the State sector in the generation, allocation and utilisation of surplus and, thus, the state determined the structure of production in the economy. This is manifested in a large-scale State ownership and control of production, commercial and financial activities, and in a proliferation of specialised parastatals and state corporations in the economy. The State's role in the Nigerian economy was strenghtened in the 1970s because the petty-bourgeoisie were weak. The State acted as an anti-imperialist body activated by the bureaucratic bourgeoisie for achieving rapid and integrated development in place of the fragmented and dependent capitalism imposed by British and other foreign capitalists.

The Nigerian State was able to modify foreign capital essentially through the surplus extracted from the crude petroleum export, a surplus which accrued to the state largely in the form of 'rent'. It was the control exercised over the extent and pattern of utilisation of the surplus by the alliances among the bureaucratic capitalists, petty-bourgeoisie and foreign capitalists that determined the rate and pattern of the productive capacity of the Nigerian economy in the 1970s. Changes in such alliances among these categories of capitalists and among various factions in the Nigerian politics determined, predominantly, the general direction of economic policy. The incipient alliance formed between the bureaucratic and the petty-bourgeoisie up to the eve of the civil war created profiteering conditions. The exploitation of these conditions limited the bureaucratic and the petty-bourgeoisie in their common aspirations of evolving themselves into the national bourgeoisie (domestic-bourgeoisie). They were determined to appropriate and utilise the surplus accruing to the state from the emergent 'booming' petroleum industry through the establishment and operation of a state capitalist model of accumulation in the economy. The inauguration of the state capitalist model of accumulation was to be accomplished through the strenghtening of, and the forging of existing and new alliances among various factions of the domestic bourgeoisie with various factions of the foreign bourgeoisie. Economic policy direction of the 1970s and up to 1982 was intended to accelerate these developments and to promote and defend the economic interests of the various factions of the domestic and foreign bourgeoisie.

Specific economic policies, namely indigenisation, industrial, agricultural, and expenditure policies, to mention the most obvious and conspicuous ones, detonated the state capitalist accumulation process. Indigenisation policy which we analysed in **Chapter** 8 not only promoted the ownership and control by the domestic bourgeoisie of merchandising and small-scale industrial enterprises but also promoted the ownership and control by the foreign bourgeoisie of highly state protected and subsidized enterprises which had high technology. They produced intermediate and capital goods. In consequence, wealth accumulated and concentrated amongst the bureaucratic, professional and intermediary, merchandizing and industrial factions of the domestic bourgeoisie which institutionalised its networks of clientelle in the commercial activities of its old mercantile monopolies. These factions consolidated their hold on large-scale manufacturing enterprises.

Industrial policy generally encouraged the expansion of the domestic production of consumer goods hitherto imported. This local production was largely by the foreign bourgeoisie in their joint ventures with the state. State joint ventures with foreign bourgeoisie initiated the expansion of the intermediate and capital goods sectors of the industrialisation process. Agricultural policy typically biased the pattern of resource allocation against the small-scale farmers and in favour of the bureaucratic faction and the foreign bourgeoisie, on the one hand, and in favour of the state joint agricultural ventures with the foreign bourgeoisie on the other.

Expenditure policy emphasised the system of giving out to contractors and consultants the execution of public works and services which were previously performed by the state-employed professionals and technocrats. This policy meant that such various factions of the domestic bourgeoisie, the commission agents, the contractors and consultants, the import merchants, and the up-and-coming petty bourgeoisie, intellectuals, professionals, bureaucrats, including military oligarchs proliferated and prospered. Overall, although the domestic bourgeoisie were encouraged, and state joint ventures with foreign capitalists continued; state ownership and control of enterprises and administrative instruments of general economic controls by the Nigerian state dominated the capitalist (accumulation) process.

Privatisation and Restructuring of the Capitalist Process

The restructuring of the Nigerian capitalist process became necessary as the state capitalist mode of accumulation created structural problems which generated and precipitated the deepening current economic crisis in Nigeria, officially recognised in 1982. By 1982, the capitalist process was extremely disarticulated and inegalitarian, and import and foreign exchange dependent. Rather than using the state capitalist model of accumulation as an anti-imperialist development strategy for achieving a decisive restructuring of the productive capacity of the Nigerian economy the domestic bourgeoisie used the model to achieve other ends. These include surplus appropriation, surplus expatriation, fostering new forms of collaborative arrangements with imperialism. It was also used as a means of ensuring extremely low degree of surplus realisation of capitalist accumulation in the economy.

As the economic crisis deepened, it presumably generated a competitive power struggle for the control of the state apparatus between, broadly, two fractions of the domestic bourgeoisie, namely, 'primitive' accumulators and capitalist accumulators. Whilst the primitive accumulators were determined to entrench 'pirate' state-capitalism largely represented by the actual operation of the state capitalist model of accumulation, the capitalist accumulators were determined to transform pirate state-capitalism into productive capitalism. It would appear that, as the economic crisis intensified, the primitive accumulators began to undermine the hegemony and legitimacy of the domination of the entire domestic bourgeoisie. It was the growing realisation of this possibility, perhaps, by the capitalist accumalators that provoked the collapse of the Second Republic and set in motion, under the Buhari and Babangida regimes, the economic policy redesign for the dissolution and restructure of the state capitalist accumulation process under the rubrics of the Structural Adjustment Programme.

Our central argument is that the policy of privatisation as part and parcel of the Structural Adjustment Programme (SAP), has been designed to initiate a new accumulation cycle in the Nigerian economy. For an appreciation of the privatisation policy we need to summarise the basic features of the SAP. The overall feature of the SAP has been the dismantling of the state ownership and control of enterprises and the state administrative instruments of general economic controls of the accumulation process. The basic features of the SAP have essentially been determined by the IMF/World Bank conditionalities founded on classical economic liberalism. The IMF/World Bank economic liberalism has entailed the restoration of market forces in economic policy and management, the reduction of state direct economic role and the relaxation of state control of the economy, the encouragement of domestic and foreign private investors particularly transnational firms, and the reduction, if not elimination, of impediments to free external trade.

The core elements of SAP have therefore been four, namely, substantial devaluation of the naira through SFEM (now FEM), trade liberalisation, removal of subsidies on products and services particularly petroleum products, and privatisation of state sector enterprises. But it can be argued that privatisation has been the hub of the SAP. This is because privatisation has been intended to benefit private enterprises principles and market forces, and on the logic of the requirements of international finance capital controlled by such guardians of the capitalist world economy as the IMF and the World Bank. These guardians of international capitalism have strenuously been preparing the Nigerian economy, through the SAP, to become an important part of the process of globalisation of capitalist accumulation through the aegis of transnational firms.

Overall, then, SAP has meant that the 'developmental state' has been abandoned in preference for the state supportive of domestic and foreign private capitalists to be responsible for the development of the Nigerian economy.

The privatisation policy has entailed, in practical terms, the take-over, through purchases of the ownership, management and control of the state productive assets, parastatals and corporations by the domestic and foreign private capitalists. The Shagari regime initiated the privatisation policy in 1982 on the recommendation of the Presidential Commission on Parastatals chaired by Gamaliel Onosode, but could not properly concenptualise and implement it before that regime collapsed in December, 1983. The Buhari regime seriously considered the privatisation policy option on the basis of the recommendation of the Study Group on Statutory Corporations and State-Owned Companies. But the Buhari regime wavered between accepting the principle of privatisation and accepting the principle of commercialisation of state enterprises until it was overthrown in August 1985. It can be argued that such wavering was essentially between meeting the requirements of economic nationalism and meeting those of imperialism.

Unlike the Shagari and Buhari regimes, the Babangida regime has made the conceptualisation and implementation of privatisation policy a key element in its SAP. The outline of the privatisation policy of the Babangida regime was set out in the 1986 Budget Speech of the President. The Budget Speech states *inter alia*:

> Government parastatals have generally come to constitute an unnecessary high burden on government resources. In respect of existing public holdings in commercially-oriented enterprises, government has also decided to divest its holdings in agricultural production, hotels, food, beverages, breweries, distilleries, distribution, electrical and electronic appliances and all non-strategic industries. It will also consider reducing its holdings in banks, insurance companies and other financial enterprises without losing control. The divestment process will however give special encouragement and preferency to groups and institutions like the trade unions: universities, pension funds, voluntray associations, patrotic unions, youth organisations, women societies local governments and state investment companies. Care will also be taken to avoid the divested holdings from being concentrated in the hands of few individuals or few areas of the country.[1]

The 1988 Budget Speech of the President has given further momentum to the privatisation programme. In this respect, the 1988 Budget Speech states *inter alia*:

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1. President Babangida, I.B.B. 1986 Budget Speech Lagos. The Federal Government Printer.

> Government has not deviated from its basic decision to commercialise or privatise certain government companies, enterprises and parastatals. Indeed, the commercialisation and privatisation programme has been approved by the Armed Forces Ruling Council. Implementation of this exercise will commence once the enabling decree is promulgated.[1]

The regime has identified the 96 state companies, enterprises and parastatals to be affected by the privatisation programme. As can be seen in Appendix III, all state equity shares in 49 state enterprises consisting of the first category of enterprises are to be sold to private interests, whilst 20 enterprises in the second category are to be partially privatised. Under the third category 9 parastatals will fully be commercialised, whilst under the fourth category 18 parastatals will partially be commercialised. The fifth category consists of public institutions in the sphere of social welfare which are to remain under the absolute ownership and control of the state. In other words, out of the total of 96 state companies, enterprises and parastatals, 69 representing 72% of the total are to be privatised either fully or partially. It can thus be concluded that the privatisation programme of the Babangida regime marks the beginning of an era of unprecedented increase in the ownership and control of production, commercial and financial activities by private capitalists in the Nigerian economy. Indeed, it can be argued that the unprecedentedly rapid accele-

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1. President Babangida, I. B. 1988 Budget Speech, Lagos The Federal Government Printer.

ration of the privatisation process of economic activities in Nigeria has been a euphemism for further entrenchment of the domination of foreign capital in the economy. This is partly because of the external debt-equity swaps, proposed in the 1988 Budget Speech, in which foreign creditors can convert their credits to ownership and control of state owned enterprises.

What are the implications of SAP?

The most obvious implication of the emerging structure of accumulation is that the broad national economic policy objectives of social justice, self-reliance, distributive equity and egalitarianism set out in the Second National Development Plan and as expanded in the fundamental objectives and directive principles of state policy in the 1979 Constitution must be dropped from the vocabulary of the current managers of the Nigerian political economy. In another sense, the emerging structure of accumulation is being founded on a drastic de-emphasis of economic nationalism, and on an enthusiatic promotion of imperialism. In this respect we may note that, in terms of class forces as noted above, the new structure of accumulation is being promoted largely by the capitalist accumulators in alliance with imperialism at the expense of the 'primitive' accumulators.

The emerging privatised structure of accumulation thus implies the emergence of new forms of dependent capitalist accumulation in the Nigerian economy. It can be argued that this new accumulation cycle might, given the dialectical nature of the underlying structure and trends of world economic development as manifested both historically and in the contemporary world, lead to self-generating and self-sustaining development in Nigeria as was the case with classical capitalism. Imperialism, in the form of a new and more transnational phase of capitalism, might thus be expected to act, according to Bill Warren's thesis[1] as a pioneer of Nigerian capitalism, transforming Nigeria into a major subimperial power and regional export base for manufacturers and agricultural products in sub-Saharan Africa. Imperialism might act in this way because it can be argued that:

> the tendency of advanced capitalism is now to develop the unused potential of the dependent world as a reservoir of cheap industrial labour and consumer demand, rather than as suppliers of primary commodities.[2]

We need to briefly illustrate the foregoing implication of the new accumulation cycle for the development process of the Nigerian economy. The astronomically high imported raw materials cost, engendered by the substantially FEM-induced devaluation of the naira, has encouraged domestic and foreign manufacturers to look inwards by sourcing their raw material and component parts domestically, thereby creating the first major real opportunity for the transnational

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1. Warren, Bill (1980) Imperialism: Pioneer of Capitalism, London, New Left Books.

2. Hobsbawn, E.J. (1979) 'The Development of the World Economy' Cambridge Journal of Economics, Vo, 3, No, 3

firms to establish research and development departments in Nigeria. The expected backward integration in the industrial production process seems to have started as transnational firms, anxious to overcome the constraints of high imported raw materials costs, have begun to acquire vast hectares of land in order to expand their agro-allied industries in Nigeria.

The dependent capitalist accumulation process would derive additional momemtum from the recently increasing export, under the aegis of the transnational firms, of agro-based, capital goods and export-oriented industriali-sation by international capitalism to the Third World. In this respect, some major contradictory developments in industrial activity might be expected. The medium-and-large-scale domestic industrial capitalists would strengthen through the privatisation programme, their symbolic relationships with transnational firms. Joint ventures would thus dominate the ownership structure of industrial means of production, comprising domestic private capitalist operators and foreign monopoly capitalist operators. The domestic private capitalist operator would be forced by logic of capitalist industrial production to adapt the beat of international industrial capitalism, spearheaded by the transnational firms to which the domestic private capitalist operators would, increasingly - become dependent and minor partners. There would therefore be an increasing marginalisation of the domestic capitalist accumulators, which might arise from a growing propensity of the transnationals to crowd the domestic capi-talist accumulators out of the major profitable industrial, agricultural, commercial and financial investment activities in the economy. At best, then, the domestic capitalist accumulators would thus be transformed, progressively, into "private transnational technocracies and bureaucracies" of the transnational firms.[1]

The likely increasing marginalisation and bureaucratisation of the medium-and large scale domestic capitalist accumulators would be paralleled by the likely rapid decline of the domestic small-scale industrial capitalists. The general environment of economic liberalism associated with the privatisation process would lead to the shrinking of operating capital, loss of competitive edge in the domestic and product markets, and low levels of capacity utilisation for the small scale capitalist. This could mean that a substantial proportion of the small scale industrialists would be weeded out of the industrial scene, and made to join the rank of the proletariat. But on the other hand the privatisation process might encourage the growth of some small-scale industrial enterprises based upon the exploitation of artisan technology which are home based.

The foregoing analysis implies that the dependent capitalist accumulation process would accelerate, under the driving forces of imperialism, the development of productive forces in the Nigerian economy. But the resultant dependent capitalist accumulation process would be extremely unbalanced, dualistic and inegalitarian. For instance, there would be an increasing dominance of foreign monopoly capital in the

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1. Sunken, O. (1973) "The Pattern of Latin American Dependence', in Urquidi, V. and Thorp, R. (eds.) Latin America in the International Economy, London, Macmillan.

accumulation process. Although the privatisation process might promote the growth of some small-scale industrial enterprises based on artisan technology, an increasing proportion of the small-scale industrialists might be proletarianised. Ultimately, then, the accumulation process might be accompanied with accentualing marginalisation of domestic private capitalists, increasing immiseration of working classes and the peasantry, and with complete loss of control over the national economic and political autonomy. Such marginalising impacts might intensify the class struggle which would arise from increasing sharp contradictions in the civil society. The intensification of the class struggle might generate profound social and political forces of economic nationalism, forces which might lead to the transcendence of the dependent capitalist accumulation process either through the inauguration a socialist accumulation process or the establishment of a corporate state in which the state would once again play a mojor role in the Nigerian Political economy.

APPENDIX I

Nigerian Enterprises Promotion Decree 1972

SCHEDULES

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

ENTERPRISES BARRED TO ALIENS UNDER CERTAIN CONDITIONS

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

20. Manufacture of paints, varnishes or other similar articles.

21. Manufacture of suitcases, briefcases, handbags, purses, wallets, portfolios and shopping bags.

22. Manufacture of wire, nails, washers, bolts, nuts rivets and other similar articles

23. Paper conversion industries

24. Passenger bus services (inter state)

25. Poultry farming

26. Printing of books

27. Production of sawn timber, plywood, veneers and other wood conversion industries.

28. Screen printing on cloth, dyeing

29. Slaughtering, storage, distribution and processing of meat

30. Shipping

31. Travel agencies

32. Wholesale distribution

MADE This 23rd day of February, 1972.

APPENDIX II

NIGERIAN ENTERPRISES PROMOTION DEGREE 1977

SCHEDULES

Schedule I

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 agaming 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. Manufacturer's representatives
24. Manufacture of jewellery and related articles, including imitation jewellery
25. Manufacture of suitcases, brief cases, handbags, 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

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 and servicing of motor vehicles, tractors and spare parts thereof or similar objects.
13. Distribution agencies for machines and technical equipment
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 cement

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 plastics products such as plastic dinnerware, tableware, kitchenware, plastic mats, plastic machinery parts, bottles, tubes and cabinets

35. Manufacture of rubber products, rubber footwear, industrial and mechanical rubber specialities such as gloves, mats, sponges and foam.

36. Manufacture of tyres and tubes for bicycles and motorcycles, of tyres and tubes for motor vehicles.

37. Manufacture of soap and detergents

38. Manufacture of wire, nails, washers, bolts, nuts, rivets and other similar articles.

39. Other manufacturing industries such as non-rubber and non-plastic toys, pens, pencils, umbrellas, canes, buttons, brooms and brushes, lamp-shades, tobacco pipes and cigarette holders.

40. Mining and quarrying

41. Oil milling, cotton ginning and crushing industries

42. Paper conversion industries

43. Plantation sugar and processing.

44. Plantation agriculture for tree crops, grains and other crops.

45. Printing of books

46. Production of sawn timber, plywood, veneers and other wood conversion industries

47. Petro-chemical feedstock industries

48. Publishing of books, periodicals and such like,

49. Pulp and paper mills

50. Restaurants, cafes and other eating and drinking places

51. Salt refinery and packaging

52. Screen printing on cloth, dyeing

53. Inland and coastal shipping

54 Slaughtering, storage associated with industrial processing and distribution of meat

55. Tanneries and leather finishing

56. Wholesale distribution of imported goods

57. Photographic studios, including commercial and aerial

SCHEDULE 3

1. Distilling, rectifying and blending of spirits such as ethyl alcohol, whisky, brandy, gin and the like

2. Tobacco manufacture

3. Manufacture of synthetic resin, plastic materials and man-made fibres except glass,

4. Manufacture of basic industrial chemicals (organic and inorganic) except fertilizers.

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 illets; sheets, strips cirales, cecrous, rods- tubes, pipes and wire rods, casting and extrusions.

11. Manufacture of (fabricated metal) cutlery, hand tools and general hard-ware.

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, airconditioning 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.

APPENDIX III

DETAILS OF PRIVATISATION PROGRAMME OF THE BABANGIDA REGIME

CATEGORY I: FULL PRIVATISATION

1. Nigeria Hotel Limited
2. Aba Textile Mills
3. National Cargo Handling Limited.
4. Nigerian National Fish Company
5. Grains Production Company Limited
6. Nigerian Poultry Production Company Limited.
7. Nigerian National Shrimps Company Limited
8. National Fruit Company Limited.
9. Specomil Nigeria Limited
10. Nigerian-Rumanian Wood Industries Limited, Ondo
11. Nigerian Film Corporation
12. Nigerian Transport Limited Abeokuta
13. National Animal Feed Company, Port Harcourt
14. Okomu Oil Palm Company, Bendel.
15. Mercury Assurance
16. Crusader Insurance
17. Royal Exchange Company
18. NEM Insurance
19. Prestige Assurance
20. West African Prudential Insurance.
21. Nigerian National Supply Co. (to sell assets and let the bulk purchase unit of the Ministry of Trade be re-activated
22. Road Construction Co. of Nigeria.
23. Nigeria Ranches, Kaduna
24. North Breweries Ltd., Kano.
25. Durbar Hotel Limited.
26. Central Water Transport Limited.
27. Nigerian Dairies Company Limited.
28. Nigerian Food Company Limited.
29. National Root Crops Company Limited and other such food production companies
30. The Nigerian Salt Company Limited
31. National Salt Company Limited, Ijoko
32. South-East/Rumania Wood Industries Limited, Calabar.
33. Nigerian Yeast and Alcohol Company Limited, Bacita.

34. National Freight Company

35. Opobo Boat Yard

36. Madara Dairy Company, Vom

37. Ore/Irele Oil Palm
Company, Limited, Ondo.

38. Guinea Insurance

39. American International
Insurance Company.

40. United Nigerian Insurance

4 . Law, Union and Rock

42. British-American Insurance

43. Sun Insurance

44. Niger Insurance and all insurance
companies except National Insurance
Co. and National Re-Insurance Company

45. National Livestock Production
Limited.

46. National Film Distribution
Company Limited

47. Impressit Bakolori Nigeria
Limited.

48. Nigerian Beverages Co, Limited

49. West African Distilleries Ltd,

CATEGORY II : PARTIAL PRIVATISATION

1. All Commercial and Merchants Banks
2. All the Oil Marketing Companies: which must all be converted to public quoted companies.
3. All the paper Mills
4. All Vehicle Assembly Companies
5. New Nigerian Newspaper
6. News Agency of Nigeria
7. Nigerian Airways
8. Tourist Company of Nigeria Limited.
9. Nigerian Fertilizer Company Limited.
10. Nigerian Engineering Construction Co.
11. The Cement Companies
12. Nigerian Agricultural Co, operative Bank and other Development Banks (NIDB, NBCI, FMB, FSB).
13. All the Steel Rolling Mills operating outside the Iron Complex
14. All Truck Assembly Companies
15. Daily Times of Nigeria
16. Bacita Sugar Company
17. Nigeria Phosphate Fertilizer Company
18. Electricity Metre Company of Nigeria Limited, Zaria
19. Savanah Sugar Company Limited
20. Nigerian National Shipping Line Company.

CATEGORY III: FULL COMMERCIALISATION

1. Nigerian National Petroleum Corporation
2. Associated Ores Mining Company
3. National Insurance Corporation of Nigeria
4. Nigeria Re-Insurance Corporation
5. Tafawa Balewa Square Management Committee.
6. Nigerian Telecommunication (NITEL)
7. Nigeria Mining Corporation
8. Nigeria Coal Corporation;
9. National Properties Limited.

CATEGORY IV: PARTIAL COMMERCIALISATION

1. Nigerian Railway Corporation
2. National Electric Power Authority
3. The Federal Institute of Industrial Research
4. All the River Basins Authorities
5. Ajaokuta Steel Company
6. Delta Steel Company
7. Federal Housing Authority
8. Fëderal Radio Corporation
9. Nigerian Television Authority
10. Nigerian Airport Authority
11. Nigerian Institute for Oil Palm Research
12. The Project Development Agency
13. Nigerian Security and Minting -Company Limited.
14. National Provident Fund
15. Nigerian Machine Tools Limited
16. Federal Hospitals
17. Kainji Lake National Park
18. Nigerian Ports Authority

CATEGORY V: PUBLIC INSTITUTIONS

1. National Water Resources Institute
2. Education and Cultural Institutions

Source: West Africa, January 25 1988, pp. 146-147.

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