Preconditions for Foreign Direct Investments Stimulation: The Nigerian Experience, 1985 – 1993

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By

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Dedication

To my late parents, Chief and Mrs A. O. Salami and former Director, French Institute for Research in Africa, Ibadan, Prof. Georges Herault.

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Abstract

Following the 1980 Berg Report, and the injection of "political conditionalities" by the Bretton Woods Institutions (BWI), in particular the International Monetary Fund (IMF) and the World Bank (WB) in their financial relationships with the developing countries, the intellectual issue of how best to attract and stimulate foreign direct investments (FDI) became subsumed within the great debate ignited by the famous Report. As the debate raged on, there was the lack of specific focus on the determination of both the theoretical and empirical relationships, or the validation of the assumed theoretical and empirical relationships between the "new additionalities" and/or "political conditionalities" as postulated and propounded by the BWI and their intellectual hangers-on on the one hand, and the stimulation of FDI on the other. The lack of focus on the theoretical and empirical relationships obviously reveals the fact that perhaps certain preconditions are important for FDI to be stimulated and as well attracted on a permanent basis.

Against the above background, the study concerned itself with what the preconditions are, and whether they were necessarily competitive politics, free press, tax incentives, good infrastructure, favourable investment laws, among others, as the Babangida administration implemented the combined, inseparable programmes of political transition and economic adjustment between 1985 and 1993 in Nigeria. While the data sources adopted by the study were rooted in the established traditions of broad qualitative research methodology through an intensive survey of the avalanche of materials on FDI in Nigeria in Central Bank of Nigeria (CBN) Reports, the technique of data analysis was patterned along the historical and analytical method of *developmentalism,* a perspective to scholarship that emphasizes history not as narrative events but as explanatory factor and/or force shaping and determining development and its processes.

The study found out that the volume of FDI reflected the known pattern of general fluctuations even with the deliberate introduction of measures at stimulating and encouraging it. It, among others, further found out that the extent and volume of FDI in Nigeria depended on foreign investors' independent assessments or thinking of Nigeria's internal investment opportunities rather than on any regime's articulated programme of FDI stimulation and attraction. The conclusion is therefore that FDI in Nigeria was more influenced by external considerations and factors, external considerations and factors that were least thought of in Nigeria's domestic policy measures and programmes aimed at stimulating and attracting FDI under the Babangida administration. These external considerations and factors can be described as both the readiness and preparedness of the multinational corporations (MNCs) to tap swiftly any available opportunity that would earn them both the profit and influence to continue to manipulate the home government (Nigeria) for greater relevance, rather than the logic and argument of free press, infrastructure, trade liberalization, etc, the assumed theoretical preconditions of FDI stimulation and attraction especially by the BWI and their intellectual hangers-on.

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CHAPTER ONE

Introduction

1.1 Background to the Study

Nation-states, since ages past, have always concerned themselves with the stimulation and sustenance of development initiatives in both periods of boom and prosperity, and misery and scarcity. They however, significantly differ in not only what and what constitute or amount to development, but as well in how to, and how not to promote and encourage it. In fact, there is a "crisis" with respect to the interpretation and understanding of what development is, and what it is not, and how to, and how not to promote it. There is, interestingly too, the recognition of the fact that there are agents, factors and forces that spur development, not withstanding the general disagreement on the specific interests which these agents, factors, and forces promote or represent. These are indeed stimulating perspectives in the development debate.

Foreign direct investments (FDI), some have reasoned, are important to the development initiatives of nation-states despite their significant and undeniable contributions to the backwardness of some countries of the world. They are, therefore, generally accepted as the engines lubricating the international economy, and determining also the tempo that is usually associated with the way and manner in which the international economy functions. Consequently, the field of international relations, beginning from the 1980s, became inundated than ever with interesting accounts of the complex forces and factors determining not only the contents and character of nation-states relations, but that of the firms as well. The multinational enterprises or corporations (MNEs or MNCs) emerged more powerful to the extent that they were alleged to have been involved in coups d'e tat especially in the developing countries. As an important element of the international political economy, the MNEs are no doubt considered vital in the race for development and global prosperity. Though variously criticized and directly held accountable for all kinds of atrocities in the world, yet MNEs remain being sought for by countries through all kinds of packages and incentives. But the big questions remain: How can they be attracted and stimulated? And, what are the preconditions that perpetually encourage their attraction and stimulation?

Following the 1980 Berg Report, and the injection of "political conditionalities" by the Bretton Woods Institutions (BWI), in particular the International Monetary Fund (IMF) and the World Bank (WB) in their financial relationships with the developing countries, the issue of how best to attract and stimulate FDI became subsumed within the great debate ignited by the famous Report. As President Mikhail Gorbachev of the then Union of Soviet Socialist Republics (USSR) initiated the policies of "*perestroika*" and "*glasnost*", policies which eventually paved the way for the complete disintegration of the earlier revered USSR, contemporary discourse on FDI became influenced not only by the impact of the "political conditionalities" of the BWI, but also by the assumed organic relationships between political and economic liberalization, and the extent to which the relationships, in turn, serve as preconditions that help to constantly shape the form, character, and volume of FDI. Questions were asked and still continued to be asked on the practical, concrete and measurable relationships between political and economic liberalization on the one hand, and on the extent to which the forces propelling change globally are linked to domestic, country-specific situations on the other hand. There is the general recognition of the fact that certain preconditions must exist before FDI can be attracted permanently.

This research was devoted to an in-depth study of one of the fragment of events that characterized the Babangida administration in Nigeria (1985 – 1993). Put clearly, it is not a study of the administration in aggregate terms, not withstanding the fact that particular references were made to some events that help to define, shape and understand the choice of the study better. The immediate question then is: What aspect of the Babangida administration did the study focus on? More fundamental, how was the aspect placed within the body of literature on the subject? Answers to the two questions no doubt require elaborate expatiation, especially the latter. The focus of the study, clearly put, was the transition programmes (political and economic) of the Babangida administration placed within the context of "economic diplomacy". Economic diplomacy, according to its architect, Major-General Ike Nwachukwu, former Minister of Foreign Affairs, is "…a re-direction of Nigeria's foreign policy to give as much emphasis to the pursuit of economic interests as is given to political ones." The imperative of this, he stressed further, was hinged on the changing nature of the international system. In his words, and quoted from a publication of the Ministry of Foreign Affairs (1992:15), "while we should be guided by the past, our foreign policy should reflect our changing national circumstances as well as adapt to the realities of a rapidly changing international environment."

While the focus of the research, directly or indirectly, addressed the chains of events within the Nigerian political economy through the instrumentality of foreign policy initiated actions especially between 1986 and 1992, the science of its study and the attendant analysis were however, placed between 1985 and 1993, the entire period of the Babangida administration. Why was the option chosen? And, what was the in-built scientific logic? First, there is, and in line with established social research rules, the need to have the period of the study properly delineated. The delineation in turn has the singular advantage of revealing the particular event that was studied. The in-built scientific logic was premised on the grand assumption that only in its many-sided, integral dimensions can the choice of study be properly understood. "Economic diplomacy", it is here affirmed, can be linked to the structural adjustment and political transition programmes of the

Babangida administration in philosophies, thoughts, actions, objectives and strategies. However, the big question still remains: Was the study an evaluation of economic diplomacy in strictly scientific terms? Any hasty answer of either yes or no category will serve no useful research purpose. This is because the architect of economic diplomacy conceived it as "a re-direction" in Nigeria's foreign policy initiative, and not necessarily as a scientifically invented programme of the policy science perspective. Were it to be of the "policy science perspective", any process of evaluation should ordinarily involve a critical probe into the thoughts which gave rise to it (conceptualization), the stated objectives vis-à-vis the implementation mechanisms, and the anticipated constraints. While strategies and institutional mechanisms were no doubt put in place, the fact that "economic diplomacy", in implementation style, was integrated with the structural adjustment and political transition programmes, removes from it the necessary identity it would have possessed. Therefore, the study cannot claim to be an evaluation of "economic diplomacy", strictly speaking. Rather, the study was devoted to a critical analysis of the relationship (in both theory and practice) between political and economic liberalization on the one hand, and the attraction and stimulation of FDI on the other. In other words, the study examined the extent to which, through political liberalization (as contained in the political transition programme), and the implementation of the structural adjustment programme (economic liberalization), the Babangida administration was able to attract and stimulate FDI.

Now to the second part of the question earlier raised: How was the study placed within the body of literature on the subject? The analyses of FDI, in particular the preconditions for their stimulation and attraction, are often hinged, among others, on the degree of political liberalization and/or democracy. In other words, political pluralism or the practice of competitive politics, it is often argued, is an essential precondition for the stimulation and attraction of FDI. Political pluralism or competitive politics, defined essentially as multi-partism, free press, independent judiciary, freedom of speech and writing, among others, especially in the 1980s, were generally considered by some scholars as sine qua non to FDI stimulation. Transparency and accountability, the logical outcome of competitive politics, was also taken by the BWI as the defining parameter and yardstick with which regimes (in particular, the dictatorial ones) in need of balance of payments and developmental assistance, were assessed. "Political conditionalities" thus emerge as a "theory" for the understanding of the factors and processes of FDI stimulation and attraction. It is interesting to note, especially from the viewpoint of international perspective to scholarship, that the literature is replete with extant analyses of the forces, factors and processes that do constantly shape and define the movement of international capital or FDI. While a thorough review of them would be made in the appropriate section of the study, suffice it to point out the research issues that are contained in all of them and how the issues provide basis for research, the purpose of the subsection.

1.5 Statement of Problem

What precisely and technically was the problem of the study? To what extent was it well posed? And finally, to what extent did the posing provide basis for critical scientific inquiry as here presented? For the questions to be properly answered, it is first and foremost important to put some thoughts together, and in the process clarify some important issues. Putting the thoughts together however, requires that some preliminary remarks are urgently made. The immediate pre-occupation should then be: What are these remarks, and to what extent have they helped in developing a problem for the study? The periods of the study, the 1980s and 1990s, especially the mid eighties and nineties, it is here noted, were indeed periods of global dramatic development of cataclysmic consequences. Events then, among others, challenged to the very foundations some of the established maxims in political science scholarship. The 'State', for example, which was accepted to as an "ontological given" in international relations theory, came under severe attacks to the extent that Camilleri and Falk (1992) spoke of an end to the sovereignties of states in their ever provocative book. As the "old order" can be said to have been completely destroyed and dismantled, the "new order" that came to replace it seems to contain in itself the seeds of its own destruction, even with the ray of hope which it initially provided. The eighties and nineties, one notes further, were no doubt periods of contagious "revolutionary effects", domestically and internationally, and were periods, too, of wide-ranging intellectual inquisitions in the annals of critical social science scholarship. Phrases and or concepts such as "new additionalities", "political conditionalities", "political liberalization", "economic deregulation", etc, feature prominently in international relations discourse and in particular, international political economy.

The question can now be directly asked: Of what purpose is the preamble to the development and formulation of a problem for the study? The purpose is to serve two ends. First, to emphasize on the character and pattern of scholarship on the problematic, intellectual issue of how best to study transitions, especially a socially integrated transition programme. Two, to help build basis upon which the comprehension of the problem of the study can be understood and assessed. The immediate question now is: What is the basis upon which the problem of the study was couched and or formulated? The basis is rooted in the intellectual tradition of an integrated and holistic approach to the understanding of a social phenomenon, especially as formulated and implemented by a military regime whose elements were anti thetical to the project which the regime set for itself to implement. In Nigeria, the focus and base of the study, the period 1985 to 1993 would ever remain as the most prolific in intellectual robustness, and ironically too, the most devastating, policy wise. Aptly described as the "Babangida years", the period, intellectually speaking, raised quite significant questions for the purpose of critical social science inquiry that is linked to the establishment of a relationship between FDI on the one hand, and political and economic liberalization on the other. For political transition programme to be able to achieve its objective, must it as a rule contain programme of economic recovery? Should a transitional regime rely on the support of the international community for the accomplishment of its programme of action? What should be the tolerable level of the relationship between politics and economics in the design and implementation of political transition programme? Should the success of a transition- adjustment programme be dependent on the diplomatic capability of the implementing country? To what extent can we speak of a relationship between 'transitional states' (states undergoing transitions to civil democratic rule), and a globalizing international system? Is international capital movement either dependent on or lubricated by the extent to which nation-states shed their togas of authoritarianism through political liberalization and the existence of competitive politics?

Critical and solid as the above questions are, they do not, analytically speaking, in themselves, constitute problem of study in the strict, technical sense of social science research methodology. If anything at all, they point direction to the development of research agenda around the broad forces and processes of "globalization" viewed from the perspectives of both the domestic and external, especially in the 1980s and 1990s. The question then arises: What, in specific terms, was the problem of the study? Not withstanding the research opportunities and the array of findings that exist in the literature on "democracy and development" debate, there was the lack of specific focus on the determination of both the theoretical and empirical relationships, or the validation of the assumed theoretical and empirical relationships between the "new additionalities" and/or "political conditionalities" as postulated and propounded by the BWI and their intellectual hangers-on, and the stimulation of FDI. In other words, researches and influential analyses of the 1980s and 1990s generally failed to investigate the assumed logical relationship between political liberalization and FDI attraction and stimulation within the context of political/economic adjustment programme. This is a serious lacuna in the literature. The need to fill the gap no doubt explains the desirability and indispensability of the study.

Admitted that the works of Oneal (1994), Alesina and Dollar (1998), and Jessup (1999) came up with conflicting findings and conclusions on whether or not democracy or democratic institutions and/or regimes attract more FDI than authoritarianism or authoritarian regimes, the fact remains that FDI respond, at any given time, to different or multiple factors. The implication of this for research and hence for the formulation of a problem such as it is being attempted in the study, is that the much talked about "preconditions" for FDI attraction and stimulation need be studied in the many divergent variables such as "market size", "development level", "growth", "government consumption", "budget deficit", "government reputation", "rule of law", "corruption", "bureaucratic quality", etc, as accomplished in the influential and seminal work of Jensen (2003). One, however, notes that if the option was adopted in the study, it would make the understanding of the problem more complex and subject to interpretations that might not serve the purpose of research and socio-scientific advancement.

To the questions again: What, in specific terms, is the problem of the study? How well is it formulated? And, what direction does it provide to the overall research questions that are contained in the study? The problem of the study focuses on the extent to which the Babangida administration, within the policy framework of political-cum-economic adjustment programmes, was able to attract FDI. Consequently, what are the preconditions necessary for the stimulation of FDI? To what extent are the preconditions sufficient to explain the form and character of the

Nigerian political economy? Are the preconditions limited only to the economy? Do the preconditions exist in the polity as well? What are they in specific, concrete terms and details? Should these preconditions be defined as competitive politics, free press, rule of law, freedom of political associations, etc? To what extent can military regimes be described and characterized by these preconditions? Does the implementation of a political transition programme amount to political liberalization? Does the implementation of an economic adjustment programme as well amount to economic liberalization? To what extent does the relationship help to facilitate FDI? Under what context should the relationship be examined? What should be the research parameters? How can the parameters be scientifically formulated in such a way as to aid the process of rigorous investigation? What specifically should be tested and how? What is hoped to be gained from such research? And, what are the challenges that lie ahead?

No doubt regarded to as the most integrated, elaborate and expensive transition to civil rule programme in Nigeria, the Babangida return to civil rule programme contained for the first time in the political history of Nigeria, the most ambitious project of FDI stimulation and attraction, as propounded, implemented, and expressed in the policy of "economic diplomacy". The problem as put forward here, was mindful of the critical issue in democratic theory construction and by extension, the problem of democratic transition study and analysis, i.e., the problem of placing the idea of "transition from, and transition to democracy" as put forward by Olagunju, Jinadu and Oyovbaire (1993:3) in its proper perspective. This is because Olagunju et al did warn that: "… as the Nigerian experience with civilian politics has shown, there is no practical reason to assume that a multi-party state is necessarily also a democratic state" (Ibid:3). They go further: "The connection should be empirical not an analytic one…What becomes critical, therefore, is the link between these two transitions, that is transitions from and transitions to democracy" (Ibid:3).

The warning by Olagunju et al (1993) has become important to emphasize in view of the competing and conflicting empirical findings of Oneal (1994) and Jessup (1999), among others, on the affinity of FDI to authoritarianism and democratic regimes. The implication of Olagunju et al (1993) critical, intellectual dimension to the problem of the study of transitions first and foremost means that in formulating the problem of study, enough care must have been ensured that the idea of "transition" (the theoretical underpinning of the study) were placed in a critical perspective that should appreciate the grand philosophical basis in which the specific Babangida political transition and economic adjustment programmes was based. The appreciation will no doubt lead to important fundamental questions that will as well serve the purpose of the study. Such questions include: What is or should be the connection between domestic and international interests in the design of transition-adjustment programmes. To what extent can the interests be made to serve the specific purpose of the designed programmes and by extension, government? How can the interests be made mutual without sacrificing each other's existence and the legitimacy and security of the government that is promoting the policy programmes? These are critical issues in the political theory of transition designs and studies, and of a study that was concerned with the examination of the extent to which the properties of the democratic transition designs promote or encourage FDI.

1.6 Purposes/Objectives of the Study

The objectives of the study can be itemized as:

i. To know the extent to which the volume and sectoral of FDI responded to the Babangida initiatives and measures at stimulating and attracting it.

ii. To know the extent to which the Nigerian experience of the study of the precondition for FDI attraction and stimulation under the Babangida administration can be useful in the building and development of the existing theories and thoughts on FDI attraction and stimulation.

iii. To study FDI trends in Nigeria with the hope of developing an informed basis for generalization that would in turn be useful for the purpose of critical evaluation and assessment of the policy that was aimed at attracting and facilitating FDI in Nigeria under the Babangida administration.

iv. To know the extent to which the volume and magnitude of FDI attracted into Nigeria under the Babangida administration helped to shape and influence the nature and character of the contemporary Nigerian economy.

v. To help to bring to fore of academic debate and study the salient issues and their interconnections that help in the shaping and reshaping of the discourse on the global movement of international capital or FDI.

1.7 Significance of Study

Of what importance is the study, either to scholarship, or in the formulation of well grounded policies? The significance of the study to scholarship can be best demonstrated in the accompanying facilitation of the understanding of the intellectual issues and problems, issues and problems that are in turn inescapable if we are to thoroughly engage metropolitan authors in the understanding of the so-called "theory of foreign direct investments". Metropolitan authors, it thus appear, while preoccupying themselves with the significant process of conceptualization and thoughts formulation and development, seem to preoccupy other scholars with the processes of data gathering and collection. As they assigned to themselves the critical task of conceptualization, they become better placed in not only determining the tempo and direction of research, but also in specifying the "science" of data collection and analysis. The study emphasis and focus on FDI stimulation and attraction within the context of “adjustment-transition” nexus is therefore unique in very important ways. First, it draws the attention of the academic world to a neglected area of FDI study and analysis. Second, it provides the much needed restraint to the over-generalization arising from the dominance of continental authors and researchers on the study and analysis of the preconditions for FDI stimulation and attraction. Lastly, the study provides a very useful dimension to the study and analysis of contemporary international political economy. Put together, all the points, jointly address the problem of FDI study and analysis, especially in the areas of concept building and clarification, methodological substantiation and specification.

A study of this nature is equally important in the process of policy formulation and development. A critical problem of social policy formulation in the developing countries is the understanding and grasping of the thoughts and frameworks of reasoning that undergrid the formulation of social policies as conceptualized and presented by the continental authors. Ake (1979) had earlier warned of the dangers of imperialistic distortions of realities, in particular in the mode of analyzing such realities in one of his ever provocative book titled, *Social Science as Imperialism.* Conscious of the imperialistic penetration of Africa, Asia and Latin America, and ever determined to break the chains of the attendant underdevelopment, it behooves on the concerned scholars, researchers and policy-makers alike, of these countries, to seek first, a thorough understanding of any framework of study and analysis, in particular, the application and adaptation of such to the peculiarities and circumstances of their own existence. By emphasizing that the Western notion of “theories of foreign direct investments” be placed within the idea of “transition as a grand-design” i.e. “transition as a learning process”, the study not only reinforces that which is being called for, but as well seeks the promulgation of policies within the specific context that informed why such policies needed to be formulated in the first instance.

1.5 Scope and Limitation of Study

The study, technically speaking, covered the entire Babangida years in Nigeria. It specifically addressed the period between 1985 and 1993, when the Babangida administration initiated the twin policies of economic and political transition programmes, or more technically the "adjustment-transition programmes" within the context of "economic diplomacy". The Nigerian study has the tendency of enabling us to understand the contents and dynamics of the contemporary research in the broad field of international political economy. The study was limited by the general problem of underdevelopment in which Nigeria, as a developing country, is subsumed. Research infrastructure is generally poor and relatively developed. Available data for the study were largely derived from official sources characterized as it were, by lack of dependability and reliability, thereby limiting the extent of generalization.

1.6 Research Questions

The research questions included:

i. What were the preconditions necessary for the stimulation and attraction of FDI, and to what extent did the Babangida administration implementation of the twin policies of the transition adjustment programmes satisfy/meet these preconditions?

ii. Were the preconditions necessarily tax incentives, good infrastructure, favourable investment laws, etc, and do their provisions by the Babangida administration necessarily increased the volume and magnitude of FDI in Nigeria between 1985 and 1993?

iii. Did the eight years of the Babangida administration provide the necessary signals that were sufficient enough to characterize and describe the regime as relatively stable in the eyes of the international community, in particular foreign investors?

1.7 Operational Definition of Terms

Civilianization: Civilianization is the deliberate policy of co-opting civilians into the corridor of power marked by dictatorship with the intention of creating a democratic outfit.

Democratization: Democratization is a system of rule characterized by the opportunity for political contestation and participation in politics.

Democracy: Democracy is a governmental arrangement where the authority to govern or rule is derived from the people

Economic Diplomacy: Economic diplomacy is a conscious or deliberate foreign policy strategy that recognizes the primacy of economic over political considerations in international affairs.

Foreign Direct Investment (Foreign Private Investment): Foreign direct investment is the totality of capital which individuals in their private capacities export across nation-states.

Foreign Policy: Foreign policy is the summation of all actions and reactions executed by a nation-state within the international system with the intention of promoting its national interest.

Governance: Governance is the conscious management of a regime in such a way as to reveal the effectiveness of political authority.

National Interest: National interest is what is generally consented to (especially by the elites) as capable of promoting and sustaining the economic and political development of a nation-state.

Political Liberalization: Political liberalization is a gradual and systematic relaxation by a regime of its grip on political and civil rights.

Political Transition: Political transition is the length of time between two regimes.

Political Transition Programme: Political transition programme is a detailed action plan describing how a regime intends to relinquish power.

Regime: Regime is a system of governmental/institutional arrangement defining who participates in political life or politics and who does not.

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CHAPTER TWO

Literature Review

2.0 Literature Review

There are two dominant (though inseparable) intellectual dimensions to the studies and researches on FDI stimulation and attraction. These dimensions, it has become important to emphasize, exist as perspectives, especially in the disciplines of economics and political science where an avalanche of materials and information sources compete for recognition. It is of greater importance to specifically note further that even though the present study is an attempt to employ the perspective of political science to study FDI attraction and stimulation within the context of transition to civil rule programme, it is, linked with the perspective of economics. The above emphasis is to underscore a point of note and as well clarify the focus of the study. Apart from the dominance of economics and political science on the academic issue of FDI attraction and stimulation, there are also the perspectives of sociology, especially following the outstanding work of Jaffee and Stokes (1986), and Bandelj (2002), that of geography, again following the works of Poon, Thompson and Kelly (2000), Sheen, Wong, Chu and Fang (2000), Bagchi-Sen and Wheeler (1989), Blackbourn (1982), Edington (1984), Fan (1995), Forbes (1986), among others.

Accepted to the utility and significance of multi-disciplinary orientation to academic study, in particular to the present study, each perspective, it is important to note, however directs its research attention to reflect on the character of each discipline/perspective. This, interestingly and surprisingly, confuses a lot of issues by the very fact that scholars generally encourage a methodology and form of analysis that tends to tear apart what ordinarily should have united the social sciences together. Studies, put bluntly, were not generally directed at solving existing problems, but meant to outwit one another especially in the contained logic of reasoning, and in the sophistication of methodologies. The disciplines of social science, it is being emphasized, should have continued to benefit from one thing that helps to make it, and by extension, social science research outstanding and unique among the class of world disciplines. The uniqueness of social science and by extension, social science research, rests in its rich diversity and boldness in helping to tackle the multifaceted problems of social life. In other words, social science and its style of research are better appreciated by the extent to which it can help in solving specific and general societal problems through a methodology that is anchored in the principle of "systematization" with the intention of bringing about clarity through clear-cut epistemological substantiation, the development of a generalization, and using the generalization in the building and refinement of policies aimed at solving human problems. The imperative need to discourage the distinction between economics and political science perspectives to the study of FDI is not only to keep to this requirement and or principle of social research, but to as well emphasize on how the existing character of scholarship in the disciplines of the social sciences affect the emerging treatises on FDI. This is the explanation and the reason for the existing character, a character that only emphasizes statistical sophistication without the concern to make the sophistication relevant to social policy needs and formulations. It has no doubt created considerable confusion which in turn has affected the age-long defining attributes of social science and social science research.

Extant literature on FDI is, without argument, generally dominated by the research efforts of very distinguished economists such as Dunning (1970, 1973, 1980, 1981, 1988, among others), Caves (1996), Aharoni (1966), Barros (1994), Balasubramanyam and Sapsford (1994), Bos, Sanders and Secchi (1974), among others. Employing the framework of the "theory of firm behaviour" within the greater concept of "economic rationality", these economists tried to explain why firms, in particular the MNEs, seek economic operations all-over the world. Among these categories of economists, Caves (1996) stands out even though not as popular as Dunning in citation. Appropriately titled: *Multinational Enterprise and Economic Analysis (2nd ed),* Caves presents a highly complex explanatory analysis of the MNE as an economic organization. Employing the tools of econometrics without careful and proper definitions and refinements, Caves presents an explanatory mode of MNE activity in the very tradition that confuses, not only because of the associated statistical elegance and theoretical sophistication, but primarily because he chose to limit his understanding and conceptualization of "economic analysis" to that form of analysis that is purely abstract, rather than emerging from the details of daily life activities and challenges confronting MNEs in which decision-makers (investors) either regularly face or live with. In other words, Caves (1996) approaches his subject of intellectual preoccupation from the perspective of isolationism, a perspective that fails to recognize the intertwined nature of stark, social realities. In the preface to the book, Caves (1996: xi) notes boldly and without apology that: "Students will find these expositions terse but (one hopes) adequate when augmented by appropriate professorial arm-waving. The hard cases are the sections on general equilibrium theory in chapters 2, 5 and 7" (my emphasis). Caves from 1996 onwards, exerts a serious effect on contemporary studies and researches on FDI, especially from the perspective of "economic analysis" even though he never thought it necessary to distinguish between what he meant by economic analysis, and the broad understanding of economics and its science following the "methodical debate" of the 1960s in the social sciences as a whole.

Part of the responsibilities of this chapter is to situate the character of emerging literature on FDI stimulation and attraction within a framework of reasoning that should help to enhance the specific political science understanding of issues and problems, especially how the understanding of the issues and problems would in turn help in the shaping of recommendations on how best FDI can be stimulated and attracted with the return to political and constitutional democracy in Nigeria, at least between 1999 and now. However, before efforts will be made to reflect or focus on the political science perspective to the problematic issue of attracting and stimulating FDI, and hence in the emerging debate, it is considered important to provide a very comprehensive examination and analysis of the theoretical discourse on FDI stimulation and attraction first, from the perspective of economics to be able to understand the debate better since the discipline of economics is much inundated with materials on FDI attraction and stimulation. The economics perspective no doubt provides the much needed intellectual foundation stones to the understanding of the political science perspective, the focus of the present study, foundation stones that are important as well to the shaping of the arguments that will be advanced here and hereafter. It is also of importance to examine, the arguments, points and assumptions of those who combine together the perspectives of economics with political science. Apart from the opportunity which it provides for the examination and analysis of the shared differences and similarities of assumptions of the dominant schools, it also has effect on the methodology of data gathering and analysis as chosen or adopted in the study. In this regard, the works of Motta and Norman (1996) and Globerman and Shapiro (2003) remain outstanding in the literature.

Putting the research question and hence the topic in clear, specific terms, Motta and Norman (1996) ask very elegantly that: "does economic integration cause foreign direct investment?" According to them: "our primary motivation is to formulate a more satisfactory explanation of the spectacular growth of foreign direct investment in the emerging regional blocs of Europe, North America and the Pacific Rim than is currently available" (Ibid: 757) Admitting the fact that their approach to the investigation is rooted "…in the tradition of recent game – theoretic models of foreign direct investment (Horstmann and Markusen 1987, 1992, Smith 1987, Rowthorn 1992, Motta 1992)…", these models, they reason further, "…are two-country models and so, for several reasons, do not allow us to investigate the effects of economic integration and the attendant global regionalism to which it is giving rise" (Ibid: 758). The option chosen not only point to the confusion in which the perspective of economics has brought to the understanding of a more wider social science perspective to the subject of FDI determinants and the preconditions for their attraction and stimulation, it is has, again, from the angle of methodological and conceptual clarification, muddled-up all the expected gains of the FDI research. This is because, if the authors did state in clear, unambiguous terms, that the investigation is rooted in the tradition of "game – theoretic models" which to them have their inherent problems (which they knew and pointed out), the question then becomes inevitable, why the use of the same method for the purpose of data collection and analysis without provisions for adjustments that would in turn make the "game – theoretic models" useful for their research?

The classification and categorization of the efforts of Motta and Norman (1996) as sharing both the perspectives of economics and political science is as result of a modest understanding of the idea of economic integration and the various forces and factors propelling the drive towards regionalization of regional political trappings globally. What Motta and Norman (1996) needed to have done was to allow the process of data collection and analysis to be inferred by the same framework of research accomplishment which had earlier informed the framing of the topic and or research question. The only academic justification that tied the research to a political science orientation is the reference to the "regional blocs of Europe, North America and the Pacific Rim" which gave rise to the European Union (EU), North Atlantic Free Trade Association (NAFTA), and the Association of South East Asian Nations (ASEAN), which, in political science, are best referred to as territorial federal systems.

In their contributions to FDI studies using the combined perspectives of economics and political science, Globerman and Shapiro (2003:19) examined *"...the statistical importance of governance infrastructure as a determinant of United States foreign direct investment"* (my emphasis). According to them: "…governance infrastructure comprises public institutions and policies created by governments as a framework for economic, legal and social relations" (Ibid: 20). They go further to breakdown the infrastructure in specific terms as "…those elements that can affect the investment decisions of multinational corporations (MNCs). A beneficial governance infrastructure might therefore include: an effective, impartial, and transparent legal system that protects property and individual rights; public institutions that are stable, credible and honest; and government policies that favour free and open markets". (Ibid:20 – 21) Relying on Kaaufmann, Kraay and Zoid-Lobatan (1999) formulated indices of "governance infrastructure, but which Globermann and Shapiro (2003) prefer to call" meta indices" or KKZL indices, the six governance measures: voice, political freedom and civil liberties; political instability, terrorism and violence, the rule of law, crime, contract enforcement and property rights; the level of graft and corruption in public and private institutions; the extent of regulation and market openness, including tariffs and import controls; measures of government effectiveness and efficiency.

Focusing on over 143 countries in the world and studied between 1995 – 1997, Globermann and Shapiro (2003) sought to know the extent to which "governance infrastructure" helped in stimulating FDI of the United States origin to what they described as: (a) all countries, (b) developing and (c) transition economies. For the purpose of attracting FDI, they found out that: "…improvements in governance are likely to be more important for developing and transition economics than for all countries, on average". (Ibid: 36). They also found out further that: "Developing economies are the least likely to receive any positive FDI, and improvements in governance that put those countries over the minimum threshold will encourage positive FDI flows". (Ibid: 36). Finally, they found out that: "…countries whose legal systems originate in English common law attract more United States FDI, other things being equal". (Ibid: 36)

The two researches of Motta and Norman (1996), and that of Globerman and Shapiro (2003), were no doubt based on issues of importance to a political science study of FDI. However, the impression should not be created that prior 1996 and 2003 there were no political science studies on FDI. Of course there were, but the studies then were ideologically based and they therefore focused on the desirability or otherwise of FDI, the broad activities of the MNEs, all subsumed in the ideological hurricanes of international political economy and without a deliberate examination of the scientific relationships between FDI and "governance infrastructure". But following the collapse of the then Union of Soviet Socialist Republics (USSR), the "revolution of the democratic waves" in both Africa and Eastern Europe, the rise of leaders (military and civilian) imbued with nationalist spirits, the development agenda (pre and during the cold war) resurfaced as there were new challenges that attended these developments. In Africa and Eastern Europe, there were, among others, massive unemployment, degradation and poor conditions of social facilities, de-industrialization, etc, the solutions to which call for rationalization, state roll-back, privatization and commercialization and the renewed efforts at stimulating and attracting FDI. All these developments ignited a political science perspective to the stimulation of allocation of FDI, especially as military regimes tried to democratize politics while at the same time implementing structural adjustment programmes.

Taking the bull by the horns, and appearing jointly in the same issue of *International Organization*, Jensen (2003) and Li and Resnick (2003), working independently, came up with conflicting findings on whether or not FDI inflows responded to democracy or democratic governance or democratic institutions, the changing concepts that are being used to differently describe what Globermaan and Shapiro (2003) prefer to all "governance infrastructure". To be able to understand the debate on FDI attraction and stimulation, the purpose of the chapter, the study by Jensen (2003: 612), and his conclusion that: "There is simply no empirical evidence that multinationals prefer to invest in dictatorships over democratic regimes. On the contrary, the empirical evidence in this article suggests that democratic regimes attract as much as 70 percent more FDI as a percentage of GDP than do authoritarian regimes", are first and foremost here examined.

To begin with, what precisely was Jensen's (2003) problem of study? Jensen's problem of study arose from the broad critique of the theories and models of FDI. In his words, and specifically attacking John Dunning's ownership, location and international (commonly referred to as OLI) theory of FDI, Jensen (2003: 592) observes that: "Although the OLI framework and the horizontal vertical knowledge-capital models of multinationals all remain strong tools for understanding the motivations for MNEs' investment decisions, they still do *not go far enough in answering one of the more important questions of international development: Which countries attract?"* (my emphasis). He goes further: "FDI remains a firm level decision, but countries have differed in their abilities to attract it. *The question remains, what are these country-specific factors that affect FDI inflows?"* (Ibid: 592) (my emphasis). "Which countries attract FDI?", and "what country-specific factors" affect FDI inflows, consequently become the research questions with which to address the age-long theoretical concern about how to explain the determinants of FDI, especially given the fact that FDI is "… a key element of the global economy", and that it is as well "… an engine of employment, technological progress, productivity improvements, and ultimately economic growth" (Ibid: 187). Specifying what these factors are; namely, policy stability, sound and excellent macro-economic and monetary policies, tax holidays and concessions, efficient social infrastructure, etc, Jensen (2003), argues that these factors in themselves add to the “credibility” of political regimes and hence help in the reduction of “political risks” that are associated with FDI inflows. According to him: “Democratic institutions can be a mechanism by which to decrease these political risks” (Ibid: 594). Democratic institutions therefore provide a better environment for the purpose of attraction of FDI. This because, increasing the number of “veto players” like the legislature, supreme court, etc, already serve as “institutional constraints” which help ensure the credibility of democracies “…by making the possibility of policy reversal more difficult” (Ibid: 594 – 595).

Li and Resnick (2003) on the other hand, found out something contradictory and quite significant to that of Jensen (2003). Jensen (2003), found out that “democratic governance” helps to attract FDI. In the case of Li and Resnick (2003), two results emerged. They are that (1) “democratic institutions help to stimulate FDI, and (2) also that “democratic institutions” hinder FDI inflows. The findings are indeed misnomer when placed within the array of literature on the determinants of FDI, especially in the wake of the increasing economic globalization and political democracy. To be able to understand the details and dimension of the debate on the theory of FDI, Li and Resnick’s (2003) study demand very deep and profound analysis. And, in the fashion in which Jensen’s 2003 study was previously examined, the question is again asked: What was the problem that confronted the study of Li and Resnick? According to them: “…the lack of an adequate explanation for the effect of democracy on FDI suggests an important gap in how scholars explain interactions between economic globalization and political democracy” (Ibid: 176). For this singular reason, they engaged themselves with the specific question: “…does increased democracy lead to more FDI inflows to LDCs?” (Ibid: 176). They were able to find out what they referred to as "a theoretical synthesis and extension" (Ibid: 177). A theoretical synthesis" in terms of agreeing with the finding that political democracy encourages the stimulation and attraction of FDI, and "an extension" in terms of the fact that political democracy as well hinders FDI inflows.

The questions can now be boldly asked: How can the differences in the conclusions reached between Jensen (2003) and Li and Resnick (2003) be explained, and to what extent does the explanation that is here provided help to underscore the importance of this chapter? The differences between them can be explained largely from the methods adopted in going about sourcing for data and in the analysis arising there from. For Jensen (2003), the methods of data collection and the empirical tests of relationship between FDI and democracy took four different dimensions. According to him: "The first set of tests estimates the effects of democratic institutions on FDI inflows in a cross-section of countries in the 1990s. These tests examine the general relationship and the robustness of the findings on the effects of democracy on FDI inflows. The second set tests the relationship by using a time-series cross-sectional analysis of more than 100 countries for almost thirty years". (Ibid: 596). He continues: "The third set of empirical tests employs a Heckman selection model to further examine the robustness of the relationship. The final set examines the causal mechanism linking democracy and FDI by examining the effects of democratic institutions on sovereign debt ratings" (Ibid: 596 – 597). In the case of Li and Resnick (2003) data collection method was based on an assessment of "…both the positive and negative effects of democratic institutions on FDI inflows with empirical tests covering 53 developing countries from 1982 to 1995" (Ibid: 176).

It is apt to ask: What are the shared differences and similarities in their methods of data collection, and to what extent do the differences and similarities help to advance the debate on the preconditions and determinants of FDI further? These are indeed important and challenging questions. Let us consider the differences first. They include: (1) while Jensen (2003) examined 100 countries, Li and Resnick (2003) examined only 53 developing countries; (2) Li and Resnick (2003) specified the categories of the 53 examined countries, and limited them to the developing world, which is not what Jensen (2003) did even though we know that the term or expression “developing”, is very vague; (3) Jensen’s (2003) methods of data collection were not uniform and certain, they generally reflect on the type of test that was to be carried out; for example, under time series cross sectional test, he increased the number of countries to 114 and studied them between 1970 to 1997. They share the following similarities: (1) they were both quantitative in nature and placed within a known body of knowledge on qualitative research methodology; (2) they both relied on the same source such as *Polity* in their understanding of what and what democratic indicators are.

Now to the second component of the question: To what extent do the differences and similarities help to advance the debate on the preconditions and determinants of FDI further? The differences and similarities tend to underscore the very nature of social science research methodology, and the very meaning and understanding of what science is in social science. Social science understanding of science is based on certain essential characteristics whose intention of formulation is to ensure that using the same method by the another social scientist, the same conclusion can be reached or arrived at. While it cannot be fully said that Jensen (2003) and Li and Resnick (2003) made use of the same method (since they differ in techniques and properties), the fact remains that the conclusions of the two studies reflected on the nature of the subject matter of social science characterized as it were by irregularities and lack of uniformities.

The subject-matter of FDI or movement of international capital is one which has attracted a great deal of scholarly attention especially in the 1980s and 1990s following the famous World

Bank Report of 1980 and the “Third Waves” of democratization globally. The interests in FDI study and analysis cover a wide-range of issues. These, among others, include the necessary preconditions for FDI stimulation and attraction, the contributions and or impacts of FDI to the global political economy, and the specific roles of FDI to the development initiatives and efforts of the host countries or economies. It is important to emphasize that FDI study and analysis are usually subsumed within the broad study and analysis of the activities of the multinational enterprises (MNEs) since it is only the MNEs that bring about the movement of capital across the globe. Foremost authorities who have devoted their lives and times to the study of the movement of international capital or FDI, either from the perspectives of sectoral involvement, or country study, or region of the world, or the globe as a whole, are individuals and institutions of diverse talents, sensibilities, emotions, dispositions, and control of information and resources. Among the individuals are Dunning (1977, 1981, 1988, 1993), Gilpin (1987), Spero (1977), Lenin (1975), Asiedu and Esfahani (2001), Long (1977), Ito and Rose (2002), Doukas and Lang (2003), Choi and Samy (2008), Ahlquist (2006), Chan and Melanie (1992), Jensen (2003, 2006) Jensen and McGillivray (2005), Oneal (1994), among others. Dunning, Gilpin, Spero and Lenin are however, the most influential as their works on FDI are embedded within the broad framework of “international political economy”. In the category of institutions, the Bretton Woods Institutions (BWI), and the United Nations Conference on Trade and Development (UNCTAD), publisher of the famous *World Investments Reports,* remain outstanding.

Dunning, in his many works, addressed himself to the critical economic factors (in the fashion of Western liberalism characterized by profit considerations), that help in determining the location of FDI Gilpin (1987), sharing the same methodological orientation with Dunning, however, concerned himself with the explanations and analyses of international capital movement from the perspectives of what he calls the "politics of international trade" and "multinational corporations and international production". In the case of Spero (1977), she looked at FDI as a fallout of what she calls: "the East-West system", an archaic, one notes, divide for the understanding of contemporary international politics and relations. Gleaned from the findings of these authors who no doubt are of continental European/American backgrounds, is the fact that, like every other economic activity, the movement of international capital, and by extension the stimulation of FDI, is fundamentally shaped by the activities of global entrepreneurs whose only interest and concern is profit. Areas of high profit potentials of the world are therefore areas of high and heavy capital movement. While they differ in specific details, Dunning (1977, 1981, 1988, 1991) however, distinguished himself by not only identifying the specific, critical factors that work in favour of FDI stimulation and attraction, he goes further to link the factors with the logic of economic theory and thereby successfully developed for himself what in literature is often referred to as "the theory of foreign direct investments".

Operating from a different outlook of the world, and a very specific understanding of 'science', Lenin (1975) looked at the subject of FDI from the perspective of what he calls "imperialism". According to him, internationalization of capital is much of a product of monopoly capitalism through strong "cartelization, purchase of shares and syndicalism". While Dunning (1977, 1981, 1988, 1991) remains outstanding, frequently and repeatedly quoted in powerful and authoritative literature on the subject, Lenin (1975), in spite of the collapse of "state socialism", can be said to have successfully introduced into the FDI lexicon, the intellectual pluralism and diversity that presently characterize the study of FDI, the impact of the relations of production arising from the internationalization of capital. He brings into FDI study and analysis the concepts and ideas of "colonialism" and "international proletariat" which are no doubt important in the analysis of the crises of global capitalism in all its ramifications, especially as workers continuously demand for their integration into the boards of management of companies. The significance of the concepts in the body of thoughts on how best to study, understand and analyze FDI, is well demonstrated in the orthodox acceptance of the fact that international movement of capital takes place within what continental European and American authors themselves described as the "changing scenes of the international system", a re-inforcement of the Marxists argument of "the law of motion", the emphasis on the dynamic nature of societies proposition.

Scholars of the African and Asian backgrounds, such as Akinsanya (1984), Mahmood (1985), Hejazi and Pauly (2003), Bhattacharya, Montiel and Sharmal (1997), among others, also tried to place the study and analysis of FDI within the peculiarities of the their environments. Even though differently focused, the studies of these individuals combined two things together. First, the desirability or otherwise of foreign capital and second, the changing phase in the volume, legal requirements, and patterns of FDI in the developing countries. While the present study is not technically about the desirability or otherwise of FDI in Nigeria, the argument and debate, it is here submitted, are inescapable if indeed we are to engage ourselves seriously with the problems of development and critical and objective scholarship. And, within the context of the chosen case study, (Nigeria), four outstanding works deserve instant mention for reasons that would reveal themselves later. They are the works of Olagunju, et al (1993), Ogwu and Olukoshi (eds.) (1991), Nnanna, et al (eds) (2003), and Aremu (2005). The work of Olagunju, et al (1993), however, provides the "political theory" within which the nexus between political liberalization and FDI stimulation and attraction was examined, in the study, as the scope of the study 1985-1993, has contained in it important issues to contemporary FDI studies and analyses. Accepted further that the focus of the study was concentrated on the determination of the theoretical and empirical relationships between political liberalization and the stimulation of FDI, the study as well investigated the extent to which the Babangida administration addressed the fundamental problem of development in Nigeria. The work is no doubt a study of a component of the Babangida political transition programme and as such, a study of the politics and economics of transition in both broad and specific terms. This is because, and according to Olagunju, et al (1993:2),: "African transitions constitute a response to the development imperative, defined as increasing the capacity of the individual to satisfy his needs and wants…." The study of transitions, it is here stressed, involves very profound theoretical and conceptual issues that do constantly determine how a related research project is to be handled. There is, among others, the problem of a proper understanding of the term, transition. In the words of Olagunju, et al: "All political systems are in transition. Equally important to identify is the assumed organic link between transition on the one hand, and democracy on the other. What operates in reality, it thus appears, is the idea of transition from and transition to democracy; the connection between the two is therefore both analytical and empirical" (Ibid: 9).

Extant analyses of political liberalization, both as a concept and in relation to the theory of political development (democratization), are as contained in the authoritative and provocative piece of Huntington. Huntington (2009) not only examined how more than thirty countries democratized between 1974 and 1990 in southern Europe, Latin America, East Asia and Eastern Europe, he developed three solid analytical frames with which these experiences in democracy building were explained. Characterizing the development as a "global democratic revolution", and further describing it as the "third wave of democratization", Huntington (2009: 31) clearly argues that the "…causes of the third wave, like those of its predecessors, were complex and peculiar to that wave". Accepted that Huntington (2009: 31), in his words, concerned himself with: "…the ways in which political leaders and publics in the 1970s and 1980s ended authoritarian systems and created democratic ones", his focus of study interestingly provides not only a useful analytical base with which the theoretical and empirical links between political and economic liberalization can be critically examined, it props up as well the wider context in which, the question of stimulation and attraction of FDI can be scientifically investigated.

The question can now be asked: What is the purpose of the review to a specific reference to the "political theory" of Olagunju, et.al (1993) strand? The purpose is informed by the imperative need to situate from here onwards the direction of the argument that is being advanced within a given context of scholarship that is little known and which, as a necessity, needs popularization and further development through a step-by-step, careful analysis. Agreed, especially from the 1980s, that scholars engaged themselves with both the theoretical and empirical links between "politics and market" within the broad intellectual framework of "democracy and development debate", the specific and illuminating focus on FDI, was, surprisingly, subsumed in the debate. A study, like the present one, that now intends to bring it out for a detailed examination, needs to approach it with all the seriousness that is required of the academic and research exercise. One of the things that need be done, and obviously the most important, is to first and foremost, provide a theoretical and conceptual basis, within which all the interrelated parts can be viewed, and through which, hopefully, a body of thought can now emerge.

It is instructive to note further that the edited work of Ogwu and Olukoshi (eds) (1991), a special issue of the *Nigerian Journal of International Affairs*, was the first rigorous attempt to critically examine the theoretical and empirical connections between the domestic and international within the context of foreign policy formulation as the Babangida administration implemented the structural adjustment and political transition programmes. Titled, “The Economic Diplomacy of the Nigerian State”, it is a collection of articles which not only placed Nigeria’s economic diplomacy within the then emerging international context, characterized and dominated by the activities of the London and Paris Clubs, the movement towards united Europe, etc, but as well examined the lessons for Nigeria of the Brazilian experience. However, not a single one of the articles, it must be emphasized, examined the effect of the policy of economic diplomacy on FDI in Nigeria. The article by Agbaje however, provides penetrating insights which were considered useful for generation of data for the study. Appropriately titled, “Critical Conceptual Issues in Third World Economic Diplomacy”, Agbaje (1991: 19) argued in the article that: “Part of the problem is that the same vested interests that have come to dominate the structure and process of global economic diplomacy also dominate the production of the intellectual foundations of the extant system. In other words, it is the same vested interests which control the global terrain that also dictate how this terrain is reproduced, represented and justified at the level of ideas”.

In a 2003 collection of the Twelveth Annual Conference of the Regional Research Units of the Central Bank of Nigeria on Foreign Private Investment in Nigeria edited by Nnanna et al, studies were done and presentations made on: “the legal framework of foreign private investment”, “the impact of globalization”, “specific sector of investment”, and “the strategies for attracting foreign private investment in Nigeria”, among others. Useful as the *Proceedings* is to the body of literature on the subject, not a single topic examined the extent to which the return to democracy in Nigeria can be said to have facilitated the attraction of FDI. The conclusion one can draw from the failure is either that the Research Department of the Central Bank of Nigeria was too technocratic in the sense of only providing a purely impressionistic perspective to the subject of FDI investigation, study and analysis in Nigeria, or that FDI has its official pattern of investigation, study and analysis or both. The lacuna that has arisen from this is the focus and subject of the research.

Aremu (2005), in his own work, combines two critical issues in the study of FDI in Nigeria. He engaged himself with the questions of attraction and negotiation of FDI with transnational corporations in Nigeria (TNCs). Comprehensively misnomer, and reflecting his career advancement in the Research Department of the Central Bank of Nigeria, the book nevertheless still fails to offer a critical account of the forces and factors that do help to explain the attraction of international capital into Nigeria. Disjointed as it were, and preoccupied with mundane problems of Western economics, the integration of the question of negotiation into his FDI study and analysis only begs the research issues on the surface. The question of negotiation, one reiterates, is a question not only of law, but also of perception, as is currently in Ogoniland of the Niger Delta of Nigeria between Shell Petroleum Development Corporation and the Ogoni communities. Nothing under the sun for instance would convince the Ogoni people that Shell meant well for them!

From the perspective of institutions, the United Nations Conference on Trade and Development (UNCTAD) and that of the International Monetary Fund (IMF), have over the years being preoccupied with critical issues of research and policy priorities relating to the movement of international capital and the attraction and stimulation of FDI. UNCTAD, in its various reports, especially beginning from 1993, has no doubt contributed to the literature on FDI. It has successfully addressed what a standard report on FDI should be. Beyond the "geography", "volumes" and "sectoral allocations", items that often characterize the preoccupation of FDI studies and analyses, the various reports of UNCTAD, year-in and year-out, have also helped to highlight some other important issues in FDI studies and analyses, issues such as investment policies, host-country determinants of FDI, among others. The IMF, over the years, especially in its Working Papers, has also published research findings on FDI. In March, 2002 for instance, the IMF in its *Working Paper* (WP/02/47), published a report titled: "Foreign Direct Investment in Emerging Markets: Income, Reparations and Financial Vulnerability". It has become important to note that IMF reports are however, prepared in relation to its mandate, as established and propounded after the Second World War in 1945. Of what value and utility to the review, one notes, is the purpose of the background information? The information that is here provided prepares one for the understanding of the problem of the research. So far, not a single study has attempted to look at the extent to which liberalization, as accomplished under the Babangida political transition and structural adjustment programmes, has helped to attract and stimulate FDI in Nigeria. And where it appears that likely information exists, especially in the works of Aremu (2005), and Ogwu and Olukoshi (eds.) (1991) among others, they were done without clear-cut research questions and or tests of relationships thereby denying these works their expected scientific niches.

The literature review, here presented, attempts a three-dimensional analysis of the "misnomer" on the subject of study. The first dimension presents a review that is rooted in the broad theory of FDI study, investigation and analysis. The second presents a comparative perspective, while the third links the entire review within the perspective of "adjustment – transition" nexus. All the dimensions however, reflect the trends in literature on FDI study, investigation and analysis. While review efforts are preoccupied with issues of broad impact on FDI study and analysis, the specific situation of Nigeria, the case study of the research, was integrated into these broader issues to set standards and provoke research. It is therefore apt to note from the start that literature on FDI is significantly affected by the background and disciplinary pre-occupations of authors and researchers than by the problem of research in the strict technical sense. Continental authors, especially economists of European and American origins, were mostly interested in the propagation of their understanding of 'science' and in the thoughts controlling the science. Operating within the capitalist worldview and framework of reasoning, they tried to see the extent to which the idea of profits motivation help to determine and shape the movement of capital across international borders especially as exemplified in the various works of Dunning (1977, 1981, 1988, 1991). In other words, they examined the extent to which economic factors (such as availability of natural and human resources, market, etc) help to condition the location of industries across the globe. Generally narrative and descriptive with some statistical measures of relationships, the studies of these continental authors only concerned themselves with the spread of capitalism without any attempt to specifically place foreign direct investments within the contexts of their locations.

However, following the provocative pieces of Frank (1967) and that of Amin (1978), there emerged an increasing research attention on the globalization of capital especially as it affects the underdevelopment of the developing countries. Both authorities contend forcefully that the global accumulation process assigned to the developing countries a backward role in the international division of labour which the burgeoning forces of internationalization of capital continue to nurture. While some of the findings of these authors appear solid, however, in view of the emerging developments following the demise of puritanical ideological postures, one doubts the contemporary workability of the premise and logic that informed the thinking of Frank and Amin. The logic and philosophical thrusts of the dependency school of thought to contemporary epistemology are again questioned. In the words of Marcussen and Torp (1982:10): "Their analyses of the way in which this global accumulation process actually functioned and or the concepts necessary to analyze it were not very elaborate and sophisticated".

Marcussen and Torp (1982:10) further argue that: "…dynamic elements exist in the changing historical conditions for capital accumulation in the Western countries, particularly the economic crisis since 1973, and that these elements are responsible for the creation of new reproductive structures in parts of the periphery which may very well break with the 'blocked development' situation" (Ibid:10). The submission is no doubt cogent at least going by the impressionistic statistical data on foreign investments in the periphery in the mid 1970s up to 1980. However, whether this really transformed the economy of the periphery is largely in doubt. Finally, the finding of Marcussen and Torp (1982:164) that: "… As we have seen in the case of Ivory Coast (Cote d'Ivoire), the classes having an interest in furthering capitalist development are still very strong. They are, however, challenged by an increasing opposition directed against them…" stresses the significance of the democratic imperative in the advancement of capitalism. It particularly suggests that for efficient and sustainable internationalization of capital to establish its fit, there must be in existence an understanding between the workers and the owners of capital on the growth, development and spread of capital. But should government fold its hand and allow the negotiation to take place between the workers and the owners of capital? This is the crux of the matter.

A straightforward answer to the above question will serve no immediate research purpose here. What is important to observe is that the question introduces a theoretical concern yet unsettled in the literature. And, that is: What should be the role of government in the development and spread of capitalism or internationalization of capital? According to Dell (1987:6),: "With government, reasons for the intervention have proved more persuasive than all the books and all the arguments of the liberals". He continues: "These days many liberal economists have first-hand experience of government. Their theories have, therefore been exposed to the corrupting influence of participation in government. Confronted with national problems, their intellectual rigour and curiosity have led them to recommend interventions in economic processes in order to remove market imperfections and reduce social tensions. They have come to believe that interventions of this kind are consistent with economic liberalism. These interventions are sanctified in the name of adjustment policies" (Ibid: 6). The import of the observation of Dell is that invisible hands alone cannot monitor or determine effectively and efficiently economic processes, hence the need for government to assist in determining areas of attention or concern through policy formulation and implementation. However, Dell has been unable to demonstrate areas of governmental intervention and control. Also, he fails to point out or address the question of "how"; in other words, the modalities which government can make use of in trying to maintain its control of national economy, and if it is international, the diplomatic initiatives and build-ups relevant in sustaining the hegemony of the government in question.

In their own contribution to the role which nation-states play in the process of internationalization of capital, Camilleri and Falk (1992:84) submit that: "States have largely been instrumental in securing for their economic producers access to overseas resources and markets, and have provided the diplomatic and legal framework necessary for the rapid expansion of international transactions". They however, warned that: "It does not follow… that state policies are the prime movers in the decision to invest. These policies are themselves strongly influenced by the relations of production which … increasingly operate in an international setting" (Ibid: 84). Within the context of the "adjustment-transition" nexus and the monumental forces of globalization, Camilleri and Falk (1992) failed to provide a comprehensive analysis of the specific role of the state in the process of internationalization of capital. The “opening-up debate”, especially following the policies of “glasnost” and “perestroika” as introduced by Mikhail Gorbachev of the then Union of Soviet Socialist Republics (USSR), should equally have engaged their research attention. This however, was not the case. Camilleri and Falk also failed to examine the impact of the “recovery arguments” on internationalization of capital or FDI attraction and stimulation.

The purpose of adjustment, orthodox adjustment to be specific, was to stimulate foreign direct investments, through the adoption of measures such as economic liberalization, devaluation of national currencies, among others. In the Nigerian case, we can speak of mixed results. According to Onimode (1992:51), “Orthodox adjustment even blocks the possibility of transformation by generating additional barriers to development, through the destruction of human resources by massive brain drain, growing unemployment… de-industrialization from factory closures; displacement of local production by import liberalization;… the undermining of the democratization process through the high-handed bureaucratic and elitist approach of structural adjustment programmes”. Onimode however, loses sight of one significant development in contemporary international relations. His observation that: “… a major political impact of IMF and World Bank stabilization and adjustment programmes in Africa is the systematic undermining of the sovereignty of the post-colonial states in Africa…” (Ibid: 67), confirms Onimode’s little recognition of the workings of the contemporary process of internationalization of capital. ”Sovereignty”, as a term, has lost its absoluteness by virtue of nation-states commitment not only to international treaties, but also to the growing forces and factors of globalization. The timely question now is: What is the experience of other nations like? In other words, what exists in the comparative analyses of the present research focus and attention i.e. the extent to which political liberalization facilitates FDI.

Svetlicic's (1991) examination of the connection between FDI and political liberalization in Eastern and Central Europe, uncovers the fact that the stimulation of FDI depends on "… the path and intensity of the materialization of systemic changes, location specific advantage, resource endowment according to traditional trade theory, infrastructural facilities, human capital development i.e. management, marketing skills, etc, and last but not the least, political and economic stability" (Ibid:8). He notes poignantly that: "What investors need is some assurance as to what the rules of the game are going to be during the lifetime of their undertaking, not a government that is going to be pulling new rabbits out of a hat at unpredictable interval" (Ibid:9) Despite the penetrating insights of Svetlicic's piece, his analysis however, falls short of expectation. Svetlicic's analysis lacks detailed, country-by-country study of the pattern of foreign investments inflow into the "new capitalist societies". Statements and arguments remain largely unsubstantiated. The generalization which he intends either built or attempted to build was as well too hasty. The democratic import as a factor of explanation was not distinctly recognized by Svetlicic but subsumed under what he calls "structural framework". This confuses the understanding of the emerging developments in Eastern and Central Europe thereby making difficult the appreciation of the dynamics, tempo, nature and character of the emerging global developments, in particular the globalization of capital.

Dunning's (1991) contribution to the debate on FDI in Eastern Europe focuses on how to ameliorate the factors working against the attraction of foreign investments. In this respect, he developed three models, which he calls "developing country model, reconstruction model, and systemic model" (Ibid: 21-39). With respect to developing country model, he observes:

"…currently the economies of the leading Eastern European countries can be compared to that of some developing countries, and just as these, notably Brazil, Korea, Thailand and Singapore, have moved along a particular development path or trajectory-from attracting little to attracting substantial inflows of foreign capital – so as they develop, Eastern European countries will do the same" (Ibid: 27). He based the "reconstruction model" on the logic that: "… the resource potential of the larger Eastern European countries is comparable to that of the two post war devastated countries, but to exploit these resources requires a fund of technological, organizational and management capability no less than that demanded by Japan and Germany in 1945" (Ibid: 35).

The "systemic model", according to Dunning, is one which combines the more appropriate ingredients of the developing country and reconstruction model but also take account of the macro and micro-organizational changes necessary for economic progress. In his own expression, the word "systemic:" "… suggests the speed and extent to which Eastern European economies can alter both their economic and legal systems, and the ethos of their people towards entrepreneurship and wealth creating activities." (Ibid: 30). As logical as these models appear, the internal properties of each of them remain unexamined. Internal properties, in this connection refers to the theoretical mechanisms which hold each of the models together. There is the lack of comparison between the models and those that they were constructed to reflect or draw experience from. The lack of specific focus on the above compounds the appreciation of the link between the models and the emerging globalization. Furthermore, Dunning did not make any attempt to relate the models to concrete policy measures or proposals. Finally, the examination of the role of multinational enterprises in responding to the challenges of Eastern Europe was too superficial.

Perhaps in an attempt to overcome a major flaw identified in Svelticic's piece, Simai (1991) decided to focus his own contribution on Hungary. His central argument, to quote him, was that: "The rate of the inflow of foreign capital will greatly depend not only on legal frameworks and economic conditions but also on the country's political stability and naturally on the extent to which the new political power will be able and ready to treat the issue on its merits, from the view-point of economic rationality, and not under ideological motivation or from an emotional aspect" (Ibid: 84). FDI in the Hungarian economy, according to him, has grown over the years. "By January, 1991 the number of firms with foreign participation had exceeded 1,800 and 12 fully foreign owned firms had also appeared… The total foreign capital invested was about US $2 billion, a large part of it was not in cash but in kind" (Ibid: 83). Not withstanding the clarity of focus of Simai, his analysis, fails to examine the salient issues in FDI analysis. Specifically, he failed to focus his research attention on the aspects of the Hungarian economy that witnessed the attraction of foreign investors, the equity share participation pattern, the problems and prospects of foreign investments in Hungary, especially given the pace and intensity of globalization. Simai's work is specifically lacking in the identification of the forces, factors and processes that help to explain the form and character of FDI in the Hungarian economy.

Jermakowicz and Bochaniarz's (1991) examination of FDI in Poland was an attempt to provide a detailed and exhaustive analysis of the growth of FDI in the Polish economy between 1986 and 1990. Critical and scholarly in style, special focus was however, placed only on the legal instruments, especially as the instruments affect foreign investments in Poland. The Polish experience seems to suggest that foreign investments stimulation depends on legislative enactments and laws. This, however, requires further theoretical elaboration and empirical substantiation, which they little did. The analysis of Jermakowicz and Bochaniarz further failed to specify the sources of foreign investments in Poland, the equity participation in share allocation, sector of economy, etc. Again, beyond scratching on the surface the relevant and important issue of legislative enactments and legal codifications, especially as they relate to the problem of FDI stimulation and attraction, Jermakowicz and Bochaniarz also treat with levity those "transitional dynamics" that help to offer new insights and perspectives of foreign investors to the Polish economy.

Still on the comparative exploits, Adjubei's (1991) analysis of FDI in the then Soviet Union appears to be an attempt to overcome the problems of analysis of Jermakowicz and Bochaniarz. He concerned himself with the growth and magnitude of foreign investments in the then Soviet Union between 1987 and 1990. According to him, this increased from US$89.3 million in 1988 to US$1.6 billion in 1989 and declined to US$953.6 million in 1990 (ibid:92). Unique to his analysis are the motives of foreign investors and the relationship between the economic and political situation in the then Soviet Union and the stimulation of FDI. Adjubei's piece however, falls short of expectation. Accepted that description is an integral part of scientific methodology, but, when used in a story-telling fashion, its scientific status becomes questionable. There were no serious efforts to test the associational relationships of certain points. For this reason, submissions seemed to be based on mere intellectual hunches rather than academic rigour. The entire work is unnecessarily narrative. Apart from the problem of scientific expatiation, Adjubei's study of the former Soviet Union was, without argument, too scanty. He ought to have explained how the internal properties of the policies of *perestroika and glasnost* were linked to the improvement in the volume of FDI. Finally, he failed to either see or examine the linkage between the forces that were threatening to disintegrate former the Soviet Union (which eventually happened) and a prosperous market economy which FDI symbolizes.

Chen (1993) however, seems to come to terms with the empirical realities of FDI in rapidly growing economies, focusing his attention on the experience of China between 1979 and 1990.

Detailed and rich, his analysis centres on what he refers to as "two predominant determinants" of FDI. He identifies this as "hardware' and 'software'. By 'hardware', he means physical factors: geography and resources, and 'software' as man-made factors infrastructure, political stability, the structure and development of the economy, the culture, the legal system and government policy" (Ibid: 167). Working on the assumption that the Chinese economy has the potentials for foreign investments, Chen seeks to determine the empirical basis of the claim. He came to the conclusion that: "… China's investment environment has improved in recent years, it is not yet up to the required standards" (Ibid:181). The experience of China, it is here observed, appears to point out the fact that the possession of natural resources alone is not sufficient to stimulate FDI. The lesson, as the experience of the "Asian Tigers" has confirmed, is that poor countries of the world in terms of natural resources can consciously design development programmes capable of transforming their poverty to wealth. The scholarly contribution of Chen is not without its shortcomings. Firstly, the sample space of his study was not sufficient to warrant his type of generalization. Secondly, the logic of his investigation contradicts the idea of systematization i.e his investigation was not theory influenced and directed, but rather heuristic.

Pomfret (1994), in a reply to an essay by Kamath (1990), on the subject of FDI investigations, submits that only in chronological terms can FDI in China be properly understood. From the specific standpoint of centrally planned economy attraction and stimulation of FDI, two lessons, according to Pomfret (1994), can be learned. In his words: "Lesson one is that simply allowing FDI is a necessary, but not a sufficient, condition for substantial FDI to occur" (Ibid: 416). He continues: "Lesson two is the need to create an appropriate "legal" framework (not necessarily in the Western sense, but at a minimum restricting the arbitrary abuse of power, reduce red tape, and allow some currency convertibility") (Ibid: 416). The lessons no doubt have implications for the study especially in the area of recommendations for policy formulation and reformulation. How, in the Nigerian environment and economy, can FDI be stimulated and attracted outside the framework of British common law? This raises quite fundamental issues in the broad approach that governments and scholars do give to how best FDI can be stimulated within the framework of law. Pomfret's suggestion as well raises important questions relating to the perception that foreign investors do give to the interpretation and understanding of the laws of host countries.

Between 1987 and 1995, Guillen (2003), in a study, examined "wholly and joint-venture manufacturing by South Korean firms and business groups in China", and concluded that: "…taking inter-organizational effects as well as economic and technical variables into account makes it possible to arrive at a more complete picture of the evolution of foreign entry by joint venture and by whole ownership" (Ibid: 196). The finding of Guillen has helped us to understand better the problem of entry mode decisions by firms seeking to establish a manufacturing plant in a foreign country. FDI study and analysis, one recalls, is replete with or dominated by emphasis only on volumes, and sectoral allocations, geography or source of capital, etc, without critically looking at the issue or problem of "entry mode", which is generally taken as given. Notwithstanding, Guillen fail to adequately explain what he meant by "economic and technical variables", a failure that makes one to think of the variables in terms of guesses that should ordinarily help to address the problem of entry mode. He as well ignores the politics within the domestic economy of the host country, in particular how the politics shapes investment decisions of foreign firms.

In his critical analysis of the Brazillian and Nigerian economy in the face of globalization, Akinbobola (2001) examined the connection between democratization and the stimulation of FDI. According to him: "Democratization has momentous enticement for globalization and globalization boosts democratization by creating new friends and consolidating the existing ones" (Ibid: 14). He continues: "Globalization has the potential of providing the premise whereby individuals would easily reach out to foreign investors or friends for joint venture or business negotiations, and bypassing the restrictions of the state on individual's foreign transactions"(Ibid:26). However, beyond the suggestion by Akinbobola (2001) of the need to "demosticate technology" in this globalization regime, there is the more urgent need to place in perspective the "transition-adjustment" nexus, because of its implications for the emerging globalization. Akinbobola (2001) failed to offer a concrete, measurable link between democratization and the stimulation of FDI. The emphasis on this omission is supported by the conflicting and contradicting conclusions in the literature on the affinity of FDI to authoritarianism and democracy. The assumption by Akinbobola (2001: 26) that: "Globalization has the potential of providing the premise whereby individuals would easily reach out to foreign investors…", is a very weak one. Notwithstanding the widespread effect of globalization, developing countries still remain poorly linked as their infrastructure continue to suffer from decay and poor rejuvenation.

Park (2000) presents a broader understanding of the issues and the inherent socio-political and socio-economic mechanics relating to FDI study and analysis. While not rejecting in its entirety the traditional theory of FDI from the perspective of the influential works of Dunning, among others, his research effort concentrated on the sourcing choices of firms in the United States of America and found out from his hypothesis that: "US multi-national firms seem to consider direct cost and transaction cost in their sourcing decisions.(Ibid:220) He goes further: Firms in the U.S frequently obtain their supplies from high-income countries, which have a high direct cost, but relatively low transaction costs due to high quality and on-time delivery. Managers in global firms appear to select the firms of a country whose transaction costs are lower" (Ibid: 220). What

Park's study has assisted us in revealing is the explanation behind the low volume of FDI in Africa (especially Nigeria) in spite of the policies deliberately designed to attract and stimulate FDI. It creates big questions for research part of which are addressed in the study. Is there a cultural dimension (supported by effective and excellent infrastructure) to the issue of attracting and stimulating FDI? Why do firms in the United States never thought seriously about Africa and other developing countries in their "global sourcing" since Africa and the these other countries as a whole provide available, and ever-ready cheap labour. This further points signal to a neglected area of FDI study and analysis, and that is,: Are foreign investors culturally influenced in the choice of where to put their capital? The question seeks not only to determine the future research direction of FDI study and analysis, but to alert developing countries whose rulers continue to link the stimulation of FDI to development prospects to have a rethink and possibly reflect greater on how to create huge domestic capital base through determined control and regulation of corruption especially in the oil- producing countries.

The relationship between corruption and FDI preoccupies the work of Habib and Zurawicki (2002). According to the two authors: "The negative effect of corruption on FDI found in this study suggests that firms, as a whole, do not support corruption" (Ibid: 303). They go further to conclude that: "… in addition, the study also found a negative effect due to the difference in corruption levels between the home and host countries" (Ibid: 303). The two conclusions, one notes, are in themselves confusing. It is not only important for one to look at the problematic issue of corruption in the analysis of contemporary international political economy, but as well place its study within the domestic context, the orientation of the present study. The first conclusion is contradicted by the activities of foreign firms in the developing economies. The second conclusion creates a big problem of research since it provides signal to the effect that there are divergent understandings to the issue of corruption. The problem now is that of accepted methodology. This is a serious fundamental defect and a very big problem of research, in particular social science research.

Critical to the political debate on FDI stimulation and attraction is the problem and issue of subsidy. Should government either subsidize, or continue to subsidize the attraction of FDI? The answer to the question is the crux of Haaland and Wooton's research essay. Although, solid in statistical techniques and model building, the essay falls short of expectation. This is because there is always a limit to what can be statistically quantified. At what point, for instance, can a subsidy be at its maximum without necessarily attracting investments? This means there are yet no easily measured determinants of FDI stimulation and attraction. The issue of subsidy, especially under a recovery programme, requires detailed conceptual elaboration before conscious attempts can then be made to either test or measure some associational relationships. Subsidy, contrary to the approach of Haalad and Wooton (1999), contains issues that quite often challenge the accepted idea and responsibility of governments to their citizens. What these issues are, and the extent that they influence the discourse and debate on FDI are important to the academic discourse on the preconditions necessary for the stimulation and attraction of FDI, especially in the present era of globalization.

The extent to which FDI helps in promoting local linkages and thereby build local economies is covered in the joint work of Chen, Chen and Ku (2004). Part of the arguments of the continental scholars is that FDI helps in the development of the economy of the host country in a variety of ways. Using Taiwanese manufacturing firms investing abroad as the sample of their case study, Chen, Chen and Ku argue and submit that: "It is presumably more costly to build new relationships in a foreign country than in the home country; therefore, FDI will not be undertaken unless these relationships link to distinctive resources that are unavailable at home" (Ibid;321). They argue further that: "Local presence is useful in building local relationships because it provides gravitational proximity to the foreign networks in which activities are centralized" (Ibid: 321-322). From the study, Chen, Chen and Ku were able to find out: "…that Taiwanese investors in the US are more active in the pursuit of local linkages than their counterparts in Southeast Asia and China. We argue that this is because, as compared with the other two locations, the US offers more strategic and knowledge resources that cannot be obtained from the market" (Ibid: 331). Chen, Chen, and Ku therefore recommend that: "A host country lacking such an environment should consider providing some interface mechanisms that induce relationship building", (Ibid: 331). The recommendation, one notes, is fraught with dangers going by the experiences of developing countries. What we have seen happening in these countries is that such a joint effort either led to the neglect of the mass majority (as the benefits were and still are restricted to the few), or that foreign investors become so influential to the extent that regimes were toppled. It is often alleged that global foreign investors are financiers of civil strives and unrests in most of these countries.

Who owns what, and to what extent should foreign investors be allowed to own industries especially those linked to the security and survival of nations, in particular in the emerging democracies or countries just coming out of the ruins and ravages of war, are fundamental issues in the contemporary discourse on international capital movement. The joint study by Asiedu and Esfahani (2001) examined "ownership structure in foreign direct investment projects". Lucidly written and wrapped in very sophisticated econometric presentations, the authors conclude that the pressure for local equity participation in itself helps to stimulate FDI. This is because, and according to them, the pressure "… provides incentive for countries to improve their infrastructure, thereby creating conditions that enhance productivity and attract more FDI" (Ibid:65)

Sethi, Guisinger, Phelan and Berg (2003), in a study of the trends in foreign direct investment flows, argue that: "FDI trends… are a complex multi-dimensional phenomenon, which needs to be examined from macro-economic as well as firm strategy perspectives for a more realistic analysis" (Ibid:315). Complex as the research problem is, the argument that is here advanced is that any serious-minded analysis of FDI trends should be influenced and directed more by the logic of the trends rather than by factors that attend the trends. Consequently, what is/are the propelling force(s) driving the logic of FDI trends? To what extent does the logic define the trends, in particular the character of the trends? And finally, to what extent should the character be accepted as the constituents of the trends? Raising the questions has become important in view of the characterization of the Babangida political transition programme by Olagunji, Jinadu and Oyovbaire (1993) as a "learning experience", or transition from the perspective of "grand designs". The Nigerian experience obviously has implication for the contemporary discourse on FDI study and analysis.

At this juncture, the question can be asked: How have the thoughts on globalization conditioned the discourse on FDI? Alderson (2004), attempts to place the study and analysis of FDI within what he calls: "mainstream and heterodox theories" of globalization. According to him: "The internationalization of production has played an integral role in the process of globalization" (Ibid: 81). He no doubt gave an explicit account of the globalization of production and critically articulated the limitations of the Marxists analyses of international capital movement, he however, failed to locate the limitations within the so-called "eclectic theory of international production", following the analysis of Dunning (1988). The position here is that it is only through this that what he calls: "the upswing" in foreign direct investments can be properly understood, especially from the dimension of the developing countries' understanding of the forces and processes of contemporary globalization.

Still within the dimension and perspective of globalization, Li and Schaub (2004:230) in a separate study, ask: "Do countries that are more integrated into the global economy also experience more transnational terrorist incidents within their borders?" Using a pooled time-series analysis, they were able to find out that: "…The size of a country is positively associated with the number of transnational terrorist incidents inside the country" (Ibid:248). They were able to find out further that: "Whereas economic globalization encourages development, the benefits and costs of globalization are often asymmetrically distributed, generating winners and losers and widening the gap between the rich and the poor in the societies…", thereby "causing an increase in international terrorism" (Ibid:251). Accepted that Li and Schaub (2004) were able to methodologically address, in line with established social science research norms and practices, the sources of their data collection, the fact remains that the "missing values" which they claimed they "filled up using two alternative strategies of "prediction" and "previous available value" only provide data that are in themselves questionable and spurious. How was the prediction done, especially against what premises? This remains unclear. The "previous available value", even though known, does not provide a full proof of dependability and reliability.

Li and Resnick (2003) looked at the effect of democracy on FDI in developing countries and conclude that: "While increasing levels of democracy help to produce better judicial systems and rule of law, these higher levels of democracy also drive foreign investors away by imposing constraints on foreign capital and the host government" (Ibid: 203). They go further: "As new democracies set up democratic institutions that may adversely affect their ability to attract FDI, these democracies may not yet be ready to provide offsetting improvements in property rights protection because they need to consolidate power and avoid conflicts with powerful domestic actors. Over time, however, the consolidation of democratic governance should bring about better property rights protection, improving the prospect of getting more FDI inflows" (Ibid: 203). The conclusion of Li and Resnick no doubt has profound policy consequence especially for the new democratic regimes in Africa. What the study has shown is that democracy is not a sufficient condition for the stimulation and attraction of FDI. Democracy, if anything at all, only represents a phase in the desire to permanently attract FDI on regular and sustainable basis. Democracy is not therefore the end, but rather the means to a desirable end.

While Li and Resnick's conclusions are stated in clear terms and without mincing words, it is however, not too clear, what their understanding of "developing countries" entails. Accepted that "developing countries", as a phrase or terminology, is used to refer to the countries of Africa, South America and Asia, the fact remains that countries like Brazil, Venezuela, China, Iran and the "Asian Tigers" – though they cannot be fully described and characterized as "developed countries", are obviously not in the category of the other developing countries. "Developing countries" are not monolithic; they differ in levels of socio-economic and socio-political development and world or outside aspirations. It is therefore methodologically wrong to treat them as one distinguishable entity as Li and Resnick did in their very provocative essay. It is therefore important to look at, or examine the relationship between democracy and FDI attraction and stimulation, from the perspective of country study so as to be able to cover all that need be studied. It is as well important to define variables (both dependent and independent) within the specific historical context that has given rise to them. This will no doubt make any formulated concept to serve its purpose in social science research.

It is in the light of the above that the work of Misser (2001) provides a useful reading and purpose to the review. According to Misser (2001:235): "An important fact in sub-Saharan Africa is that despite the decline of European investments in non-energy sectors, Nigeria is peculiar in that it is a country where the amount of investments exceeds the amount of European public assistance to development". Misser's observation, it is interesting to note, referred to the period of General Sani Abacha's administration (1993 – 1998). This no doubt brings out the least discussed in the democracy and FDI attraction and stimulation debate. Noted for its human right abuses, violation of court orders and the due process of law, the General Sani Abacha administration yet attracted a huge volume of foreign FDI inflow. The questions in theory thus become: What is it in a democracy that discourages the inflow of FDI or what is it in authoritarian regimes that promote the inflow of FDI? The questions not only serve the purpose of redirection of research energies on FDI determinants or discourse, but provide as well insights of public policy value to the accompanying needs of democracy beyond the opportunity for popular participation, among others, for the purpose of stimulating and attracting FDI inflows.

Jensen (2003) empirically assesses the political preconditions for attracting FDI using both cross-sectional and panel regression analysis for 114 countries. According to him: "The cross-sectional regressions estimate the effects of economic conditions, policy decisions, and democratic political institutions in the 1980s on the level of FDI inflows in the 1990s" (Ibid: 587). Using the panel regressions, he explores: "… how changes in economic policies and political institutions affect changes in FDI inflows in the period from 1970-97" (Ibid: 588). He later used "..a Heckman selection model to explore the robustness of the relationship between democratic governance and FDI" (Ibid: 588), and then came to the conclusion that: "There is simply no empirical evidence that multinationals prefer to invest in dictatorships over democratic regimes. On the contrary, the empirical evidence… suggests that democratic regimes attract as much as 70 per cent more FDI as a percentage of GDP than do authoritarian regimes" (Ibid:612). Beyond the ideological entanglements in which Jensen (2003) roped himself, important and valid questions can be raised against Jensen's scientific methods. Under what basis, for instance, can the choice of the 114 countries be justified as a sampled representation of "a democracy"? Second, since economic and democratic policies that were meant to encourage FDI were jointly implemented, why then did Jensen (2003) decide to isolate the two policies in the first instance, and in particular, why did he decide to look at FDI inflow in the 1990s against changes in economic policies and political institutions in the 1980s? Third and final, how can the "robustness of the relationship between democratic governance and FDI" be examined or claimed to have been examined, in a scientific methodology that is fraught with the lack of relative consensus on the choice of the sample of what is claimed to be "a democracy"?

Providing what they call a "re-examination" of the effect of democratic institutions on inflows of FDI in developing countries, Choi and Samy (2008), found out that: "..FDI inflows are correlated with politics of veto players who are likely to have a direct influence in thwarting investment policy reversals against MNEs, but not connected with the politics of audience costs that may not closely follow particular details of FDI policy changes by national leaders" (Ibid:98). It is important to place the findings within the contrasting conclusions of Jessen (2003) and Li and Resnick (2003). Within a world view of scholarship anchored on a theoretical underpinning defined and shaped by what they both call "veto players", "audience costs", and "democracy policy hindrance", Jessen (2003) Li and Resnick (2003), relying on data from the *Polity* concluded differently on the connection between democracy and FDI. Criticising Jessen, Li and Resnick for relying on data from the *Polity*, Choi and Samy (2008) observes that: "…although Jensen and Li and Resnick's studies have significantly advanced the literature on FDI by exploring the general implications of democratic institutions, *this approach is not immune from criticism because it fails to emphasize what specific attributes of democracy really matter in explaining the behaviour of MNEs*" (my emphasis) (Ibid: 86).

Accepted that the study by Choi and Samy (2008) reinforced the earlier findings of Li and Resnick (2003) to the effect that democracy encourages loss of FDI inflows, the methodology of investigation which they claimed to have adopted is not free from criticism either, and contains issues of policy implications for countries of the developing world who still see the need to attract and stimulate FDI. As they conceded in their words: "These results provide some suggestions for further research. First, this analysis has been performed only at the national level, which may disguise the dynamic role of multinational corporations, the main engines for FDI inflows to each country… Second, it also plausible that democracy is not solely exogenous, that some economic factors like economic development are considered excellent predictors of the survival of democracy, and that foreign investment may be attributed to economic development and the quality of democracy" (Ibid:98).

Chang and Rosenzweig (2001) provide further research insights into the problem of "entry mode" in FDI study and analysis by looking at "entry mode" from the perspective of "sequence". According to them: "… While some studies discussed the role of experience in choosing a foreign entry mode, they have relied on static research designs, studying each entry decision by itself, but have not explored how each entry may be part of a sequence" (Ibid:747). The study by Chang and Rosenzweig (2001) was centred on six hypotheses that were sequentially reinforced, and found out, among others, that: "While transaction costs and cultural differences are important factors early in the sequence of direct entry, experience gained in the host country lessens perceptions of risk and uncertainty. At the same time, expertise and confidence with specific modes of entry lead to a greater tendency to use those modes again and again" (Ibid: 773). The authors concluded that: "..Our findings underscore that learning and the benefits of experience accrue both overtime and across lines of business" (Ibid: 774).

In a study of FDI in the United States, Grosse and Trevino (1996:140) submit that: "… Although Great Britain and the Netherlands have traditionally been the largest foreign direct investors in the United States, Japan had the highest average annual growth rate… since 1980". They go further to observe that: "Members of the European Union (EU) also have invested heavily in the United States during the last decade; EU countries and Switzerland made investments valued at almost $2 trillion during the period under study. Canada's FDI in US during the period under study had a book value of $279.2 million" (Ibid:140). This study of FDI in the United States by country of origin speaks volumes about the character of international capital movement. Among others, it reveals the fact that Africa remains marginalized in the global discourse on international capital movement. Bandelj (2002), provides the much needed sociological perspective to FDI study and analysis. With a focus on Central and Eastern Europe or what he calls: "embedded economies" Bandelj, sought to know the effect of "relational approach that emphasizes institutional, political, economic and cultural connections between investors and host countries" on FDI stimulation and attraction. His findings show that: "While political alliances, cultural ties, and the presence of networks between countries shape FDI flows, the results also suggest that institutional arrangements between countries do not significantly influence foreign investment inflows into Central and Eastern Europe" (Ibid:433). While Bandelj (2002), left one to wonder on what he meant by "institutional arrangements", the particular case of Central and Eastern Europe, his case study, no doubt provides another impetus for research in the broad study and analysis of

FDI as the literature is replete with a positive correlation between "institutional arrangements" (broadly interpreted) and FDI attraction and stimulation.

In his contribution to the debate on the factors shaping FDI, Oatley (2008: 166) argues that: "In many instances, the decisions that firms make are based on global strategies for corporate success, *rather than on the basis of conditions within any of the countries in which the firm conducts its business"* (my emphasis). He continues: "As a result, multinational corporations, perhaps more than any other element of the international economic system, highlight the tensions inherent in an economy that is increasingly organized along global lines and political systems that continue to reflect exclusive national territories". (Ibid: 166). While Oatley (2008) fails to explain his understanding of "global strategies for corporate success" which, in reality, are generally very competitive and therefore predisposes MNCs to rivalries and conflicts among themselves, what can be inferred is most likely that local (domestic) preconditions and factors influence less the investment decisions of MNCs. Oatley's submission appears plausible. It perhaps explains the Nigerian situation under the General Sani Abacha administration. Even though Nigeria was generally considered as a "pariah State" with a catalogue of human rights abuses and the promulgation of decrees that reduced the powers of the courts vis-à-vis the military junta, yet, Nigeria, in terms of volume, attracted more FDI than any administration, military and civilian.

With special emphasis on Europe, in particular, the contemporary chains of developments in Central, Eastern and South-Eastern Europe (CEECs), developments that led not only to the economic integration of Europe but which made the European Bank for Reconstruction and Development for instance, to begin, from 2006, and on yearly basis, invest an average of US 4 billion dollars, Liebscher, Christl, Mooslechner, Ritzberger – Grunwald (2007:7), argue that the attraction of FDI "….requires more than an appealing tax system and investment incentives. *It* *requires a highly trained workforce and continued wage moderation in combination with flexibility and social peace, all within a general framework of stability oriented fiscal and structural policies".* (my emphasis) The import of the submission by Liebscher, et al (eds.) (2007), is that stability in both fiscal and structural policies is necessary to stimulate and attract FDI, especially given the keen competition for global resources.

Some authors as well have reduced the theoretical concerns and issues associated with the preconditions for FDI to the encapsulating problem of infrastructural development in Nigeria. Akper (2006) provides holistic and integrated analysis of the state of infrastructure in Nigeria in critical sectors such as transport, power, gas, roads and telecommunications, and concludes that: "…the private sector should be invited to participate through established investment channels such as Build, Own, Operate and Transfer (BOOT), leasing and outright privatization in some areas" (Ibid: 114). While the present realities might tend to underscore the importance of the private sector apart from government in the provision and maintenance of physical infrastructure necessary for FDI attraction and stimulation, the fact remains that what is being supported through the back door (that is, the theoretical assumption that the private sector is much more efficient), cannot be sustained empirically speaking. If the experiences of Cadbury and the Banks are anything to go by, it means that corruption remains an explanatory factor in first, understanding why the state of public infrastructure is generally in comatose, and second, in the development or formulation of policy measures to stamp out the menace.

Guobadia (2006) preoccupies herself with the issues involved in facilitating FDI for national development in Nigeria. Reducing these issues to the problems and technicalities of law, Guobadia (2006: 100) interestingly argues that: "…an enabling legal regime without a corresponding level of conducive social and political development is not enough to facilitate much needed foreign investment in Nigeria". Guobadia (2006) however, fails to itemize what and what constitute social and political development for the purpose of empirical assessment, evaluation, measurement and determination. We are left to assume that the initiation of reforms for instance, amount to institutionalizing social and political development in Nigeria which might, in reality, not necessarily be. Even though the issues and problems of law and the associated technicalities are important to the discourse on FDI, the fact remains that laws are generally subjected to manipulations for the simply reason that they need to be regularly and constantly interpreted to determine their existence and efficiency. On the same issue of application, laws generally acquire divergent interpretations to the extent that they ever remain as the "political instruments" of the "political master" as the games are played!

The problem and issue of image are equally vital to the stimulation and attraction of FDI. Obitayo (2006: 53) argues that: "Image building, …represents a cornerstone in investment promotion, providing information, which creates awareness which for its own part encourages response to such information. The fundamental purpose of image building is for a country to seek and satisfy the needs of its investors and ensure security of investment, life and property". While recognizing, that image building "…makes use of communication strategy as a sub-set of investment promotion strategies to bridge any gap(s) between prospective investors' perception of a location (host country) and how the location would like to be perceived", he however, fails to concretely examine what these "investment promotion strategies" are, and how Nigeria can provide them. (Ibid: 53). Obitayo's contribution to an important issue of FDI attraction and stimulation is therefore hung in the theoretical misnomer that characterized FDI discourse. Apart from his general failure to concretely address the problem of FDI attraction in Nigeria, it is doubtful if the entire logic of his argument has a place in the recognized and quite often mostly celebrated "theory of the firms" or the "determinants of investment behaviour and locations", on which, he interestingly based his contribution. What is the relationship in both theory and practice between "image building" and the "determinants of investment behaviour and locations"? If at all any relationship exists, what actually it is, and the epistemological mechanism that drives it, become a matter of guess for the reader to determine.

Popoola (2006) addresses how "good governance" provides the much needed security and stability in the efforts at attracting and facilitating FDI in Nigeria. In clear, specific terms, Popoola (2006) not only defines the fundamental premise in which his contribution to the debate on FDI is situated, he locates, very clearly, the contribution within what he calls the "global trends in the distribution of FDI flows". While most of his facts are archaic, obsolete and worn-out, he however, cleverly examines the FDI debates in Nigeria within the perennial problems of Nigeria, the crises of nationhood, economy, and politics. Important as his contribution to the FDI debate, the non-definition, non-characterization and non-specification of what he meant by "good governance" as the operational basis in which the concept is better understood, and the reduction of same i.e. "good governance" in the later part of the essay to a policy recommendation focusing on transparency, accountability and probity; the leadership question; and the need for a national dialogue, all belittle the weight of his contribution. Stating it clearly, it is not likely that any of the preconditions for FDI stimulation and attraction will supersede the idea of "good governance". Good governance therefore forms the bedrock in which all the debates on the best ways of stimulating FDI should be based and assessed.

Odiase-Alegimenlen (2006) concerns himself with the tasks of promotion and protection of FDI in Nigeria through the use of institutional and legal frameworks or what he calls, "legal and institutional regime for foreign investment promotion and protection in Nigeria". According to him,: “The institutional mechanism comprises the means by which the intentions (of government) are implemented” (Ibid: 5). He continues: “The policy outlook is mostly contained in the development plans and the budgets of the state” (Ibid: 5). For the legal regime: “…this could be contained in an agreement, whether individual or collective. Alternatively, it could be included in a particular law, which affects that sector of the economy alone, or affects investors in a particular environment” (Ibid: 5). Even though Odiasse-Alegimenlen sought to appraise both the institutional and legal regime for foreign investment promotion and protection in Nigeria, one continues to wonder whether any appraisal was made, especially from the perspective of concrete scientific analysis. Not only were the indices mentioned immeasurable, he as well failed to specify the background in which the appraisal was based. A “surface appraisal” which is what Odiase-Alegimenlen did, not only left so many questions unanswered, it also made nonsense of the existing efforts at determining the extent to which FDI respond to the various stimulus packages. For his appraisal to be meaningful and result-oriented, he should have focused on one aspect of the “regime” rather than the array of measures as contained in both the “institutional and legal regime” for the promotion and protection of FDI in Nigeria. Finally, he should as well have attempted to measure the indices by assigning known values and then determine how the values in turn help in the promotion and protection of the policy measures aimed at increasing the volume of FDI in Nigeria.

Saliu (2006), in the standard fashion of social science investigation and analysis, probed into the volume of FDI that was attracted into Nigeria during the “economic diplomacy” years (1986 – 1993) of the Babangida administration. Within the context of the implemented structural adjustment programme of the Babangida administration, Saliu investigated how the incentives that were contained in the programme such as repatriation of imported capital, realistic exchange rate, tax-free dividends, etc, helped in stimulating and attracting FDI into the Nigerian economy. He came to the conclusion that: "…the thrust of economic diplomacy, as far as the issue of attraction of foreign investment under the Babangida administration was concerned, did not achieve much… It would appear that while the regime was relentlessly putting diplomatic services at the disposal of its economic reform programme, the financial and political indiscipline rampantly displayed by the administration robbed it of the accompanied gains" (Ibid: 177). While evidence on ground indeed proved him right, the accompanied scientific analysis was however too scanty to support the conclusion and generalization.

The review is now linked to the "transition" component of the study to make it complete, integrative and comprehensive. Like other concepts in the social sciences, "transition" lacks any precise meaning. Its understanding varies from one intellectual context to the other. Therefore, transition from one stage of societal advancement to the other has been variedly interpreted. It is equally a function of analytical tools and what scholars are looking for. Interestingly, transition has been examined in such a way as to predict or determine the outcome of research, not withstanding any claim to objectivity. The general use of the word cut across religious, socio-economic and socio-political realms. But of concern to the study is the transition couched in socio-economic and socio-political terms. Such a focus lends the concept to rigorous, scientific testing. Within the defined limit, the concern shall be transition to democratic rule. According to Tunji Olagunju, et al (1993:3): "Transitions to democracy in Africa must be viewed as historically inevitable responses from democracy, that is, from non-democratic rule. This derives from the assumption that democracy is the theoretical yardstick for assessing regime performance".

The above understanding of transition is confusing. The submission and position is based on the fact that the purpose of scholarship is to bring about clarity, especially where certain theoretical properties exist to complicate understanding. The observation by Tunji Olagunju et al (1993:33) that: "It is important in this respect to point out that as the Nigerian experience with civilian politics has shown, there is no practical reason to assume that a multiparty state is necessarily also democratic state. The connection should be empirical not an analytic one…", brings into the intellectual discourse on the subject matter through the backdoor a thinking and mentality that are inimical to scholarship and advancement of knowledge. The attempted distinction, between 'empiricism' on the one hand, and 'analysis' on the other hand, is rather self-serving. Of course, one needs to recognize that they are both levels of knowledge and tools of epistemological advancement. So, what message does Olagunju et al hope to communicate? The contribution of Olagunju, et al however, is worthy in one respect. Their observation that: "What becomes critical, therefore, is the link between these two transitions, that is transitions from and transitions to democracy…" (Ibid: 3)drives home a point. Transition should not only be seen as demilitarization or recivilianization, but a complete process of sustaining political growth and development. However, the limitation associated with the above, given the research thrust and scope of the study, is that such a broad conceptualization is inappropriate and therefore unsuitable. The other limitation is that it is self-serving in the sense that the authors only succeeded in providing a theoretical base which they in turn made use of to strengthen their positions in the book, thus ironically fulfilling their concern for "… a high sense of professional commitment and intellectual detachment" (Ibid:240).

Consenting to the observation that transition lacks precise meaning, Aziegbe (1991:390) observes that: "The concept of transition has several connotations. Basically, it always results in definite change of place, nature and state of being of the subjects that have undergone such epoch of defining experience". On transition planning, he observes as follows: "All the same, transition can arise in attempt to cater for the unknown future or because of existence of a blue-print which needs practical transformation into reality. It could also emerge in order to maintain continuity in the level of ideological and structural building" (Ibid: 390-391). There is the thinking that transition is also about the politics of class struggle, especially between those who are for the existing order in a society, and those who are against it. This type of transition process, argues Aziegbe, is hardly planned. He continues: "The planning is not done by those in control of the power structure, but counter-elites and social forces whose world-view and conception is diametrically opposed to that of those in hegemonic positions in the current regime" (Ibid:391).

Another perspective of transition sees it in terms of providing the framework with which to evolve durable political values without necessarily going through revolutions. According to Aziegbe (1991:391), "…the transition process is simply concerned with evolving political institutions, administrative structures and modes of political practice that will make for a more efficient system. In this case, the approach is basically reformist". Like any other policy initiatives, transition planning does not take place in a vacuum. Forces, both domestic and external, assist in conditioning the nature and character of transitions. This explains the place of foreign interests in democratic transitions. How can this be located? This leads us to the review of the "the political economy of transitions" with specific reference to the Babangida administration.

According to Olagunju et al (1993:12), "political economy of transitions" refers to "…the economic, social and political costs of transitions viewed in the limiting and invariably debilitating context of under-development". Emerging from the submission are two problematic issues. These are: (a) what should be the relationship between political and economic liberalization in a socio-economic and socio-political setting that is wholly underdeveloped, and (b) at what pace should liberalization be pursued in such an underdeveloped setting? Critical questions need be raised first with respect to the nature of the relationship between economic and political liberalization during the transition process. For example, can economic stabilization measures not scuttle the process of political liberalization? And with special reference to the democratic transition programme of the Babangida administration, the question can be asked: Did trade liberalization stimulate foreign investment? Within the policy framework of "economic diplomacy", emphasis was placed on the promotion of export trade, investment, and increased financial assistance by the Babangida administration. To what extent was the policy able to achieve the set goals? In a 1989 survey conducted by the Statistical Surveys Office of the Central Bank of Nigeria, the Report concluded thus: "The survey brought out the fact that the current economic reforms had allowed foreign investors greater access to foreign exchange unlike in the earlier years. Also the level of equity investment equally rose in response to economic reforms. In addition, greater investments in fixed assets were realized by many of the companies while the annual used up fixed assets increased tremendously implying greater use of these assets". Serious objections can be raised to the above conclusion. The sampling space and procedures were unspecified. The adjustments that were made are also not specified or stated. The emerging conclusion is therefore not proper and scientific enough. Finally, the facts on ground during the period of the survey tend to challenge the claim of the Report. One should have expected for instance, increased employment, among others, if really there was an increase in foreign investments as claimed in the Report.

2.1 Theoretical Framework of Analysis

It is important to begin the section by raising these questions: What are the existing frameworks of analyses in the literature in relation to the subject of study? And, how does the chosen framework of analysis fit into these existing frameworks of analyses? What the study seeks to investigate, it is here reasoned, needs be placed in the existing body of knowledge on FDI.

The following questions therefore become inescapable. What is the adopted or chosen framework of analysis of the study? How can its suitability and appropriateness be explained and justified? The answers to the questions, without argument, are already shaped by the existing plurality in the understanding of international relations, and in the Nigerian experience of "transition as a grand design." The Nigerian idea, no doubt a novelty, has the tendency of not only altering the existing arrangements in the literature, but has as well the capacity of ensuring that the issues and problems of the study are eclectically considered. Therefore, developing appropriate and suitable framework for the study, first and foremost, requires that the study be placed within the existing frameworks of analyses in the literature. And in line with the historical development and emergence of the existing bodies of knowledge, the theories or schools of thought on multi-national enterprises need be considered urgently.

The above is cogently supported by the fact that no serious study of FDI can be isolated from the study of the activities of the MNEs. In fact, we cannot talk of FDI without first and foremost mentioning MNEs. In the unmistakable words of Akinsanya (1996:220) "…only multi-national corporations are responsible for foreign direct investments" According to him, three classes of schools exist in an attempt to explain the activities of MNEs with respect to FDI. These three schools, can be summarized as : "One view, being bandied around by governments, business groups and some scholars in the developed market economies (DMEs), is that the bane of development in LDCs in the early Post-World War II was the shortage of capital… direct foreign investment was therefore seen as the greatest potential source of such resources as capital, technology, management and marketing skills as well as technical know-how which are surely lacking and deficient in several LDCs" (Ibid:2). Therefore, "It was small wonder then that Third World Countries were urged, after attaining colonial independence, to provide a favourable investment regime not only through a minimum of regulation but often through such special inducements as tax holidays and subsidies" (Ibid:2). He continues further: "The other view, highly critical in its assessment of the contribution of FDI's in the Third World wrote against the backdrop of the classical colonial or neo-colonial pattern, which had historically dominated FDI. According to this view, foreign direct investment in poor countries was basically an exploitative relationship. Such investment was largely concentrated in extractive industries and therefore… provide only weak linkages backward and forward with the rest of the nation's economy" (Ibid:2-3). Again, in the words of Akinsanya (1996: 3), "A third view, the "Radical Oligopolistic School", which somewhat overlaps with the "Underdevelopment – Dependency School", emphasizes the dysfunctionalities associated with the fact that the modern corporation is the leading institutional expression of imperialism and imperialist domination of the Third World" (Ibid:3).

It is important to note that each of these views has come under great attacks, not only with respect to their heuristic postulations, but also with respect to what every critic considered as constituting the realities of the LDCs. To an appreciable extent, it can be argued that each school represents a reaction to the existing assumptions or logic of the school that predates it. Hence, this end, the second school for instance should be seen as a reaction to the first, and the third, as a reaction to the second, especially from the Latin American experience. The great economist and social critic, Hall (1981) has developed an elaborate critique of these schools. Specifically on the dependency school, he commented thus: "As is only to be expected when a word in common use is given a special connotation and ascribed uncommon characteristics, some confusion has risen over what 'dependence' means" (Ibid:3). He lambastes the dependency school in very clear terms. According to him:

> In conventional economic parlance, a country may be described as being 'dependent' on foreign trade or foreign technology; or a

> process of great complexity may be said to involve greater 'interdependence' between different workers, or the world may be said to become more 'interdependent' because of increasing international trade and investments. In such usage, there is no hint of anything undesirable on the contrary, most conventional economists would regard more inter-dependence as a good thing, nor is there any implication of a process of causation: dependence is defined with reference to some particular objective economic fact, and says nothing, in a descriptive or causal sense, about the condition of the economy as a whole. In the usage of the dependencia school, on the other hand, 'dependence' is meant to describe certain characteristics (economic as well as social and political) for the economy as a whole and is intended to trace certain processes which are causally linked to study underdevelopment which are expected to adversely affect its development in the future (Ibid:4).

The question becomes inevitable: Can the schools of thought on MNEs provide the much needed theoretical framework of analysis for the study? The three schools, while they jointly provide perspectives that are useful for comprehending MNEs activities in the LDCs, are however, less useful in capturing the problems and issues of the study. The issues and problems of the study, constructed within the "adjustment-transition" nexus, require a framework of analytical disquisition that is not only eclectic and plural, but which is as well creative and contemporary. The embedded creativity and contemporaneity are further justified by the changing nature of the attributes of the variable in which the study is dependent. Political liberalization is largely determined by condition which remains ever changing. The series of banning and unbanning of political actors under the Babangida administration for example, amounted to a measure of, and conformity to, the degree of political liberalization. Static as the three schools of thought are, and archaic in concept formulation, development and application, they are consequently limited in sophistication and elegance for studying and analyzing the problems and issues of the study.

Therefore, this sub-title seeks to further theoretically explore, expatiate and elaborate on the explanations of the determinants of FDI to which copious references were made earlier, in chapter one. It seeks to as well determine the utility and suitability of the explanations as serving the purpose of framework of analysis for the study. The immediate question is: What is the nature of the explanations of these "theoretical determinants" of FDI? Before then, it is here observed that the varied intellectual explanations are embedded (depending of course on the type of explanation) in certain assumptions which are in most cases very clear and straight forward to understand. However, as they largely await empirical testing, they are best referred to as hypotheses and hence they remain as "hypothetical explanations or meta-theoretical". Beyond the considered need to ensure clarity in the presentation and analysis of the contained thesis, there is also the need to stimulate further researches and build on the avalanche of materials on FDI attraction and stimulation. To begin with, what are the core assumptions that underlie these hypotheses? To what extent have the hypothetical explanations and analyses been able to comprehensively capture the colloquial of FDI inflow? And finally, of what relevance are they to the analysis of the developing countries' experience? These are indeed inescapable critical questions significant for knowledge advancement, especially as the advancement relate to the problematic issue of developing and providing appropriate framework of analysis for the study. Obadan (2004) classified these explanation determinants into seven. They include: differential returns hypothesis, size-of-market hypothesis, growth hypothesis, protectionist policies, need-for-raw materials hypothesis, investment climate and other factors.

The differential return hypothesis. According to this hypothesis, the flow of FDI is affected where differential returns exist between investing abroad and at home. As the basis for investment is determined largely by the concern for profit or profit motivation desire, FDI inflow will respond to where the rates of differential returns are higher. According to Obadan (2004:406) "Differential profit rates, which indicate differences in marginal production of capital, will create an inducement for foreign capital". The assumption here is that the success of investible capital is measured largely by the amount of returns it has generated. Therefore, areas that tend to support further growth of capital in terms of large profit rates are usually sought for by the owners of capital all over the world. It is further assumed that capital has different areas of potential growth, and that areas of high growth potentials are areas of capital attraction. Quite appropriate: To what extent does the hypothesis capture the flow of FDI? First, is it always true that capital chases favourable and attractive areas? Some scholars will no doubt argue in favour of the logic. The logic is however, faulty. It is implicitly held, which is wrong, that equal factors exist in the investible world, and that they jointly determine the returns on capital. The premise of the assumption is anti-reality. A factor or group of factors working in isolation cannot likely determine the rate of returns on capital. It is also unlikely that all the factors have equal weight and that the socio-economic and socio-political environment is also the same thing.

Second, implicit in the assumption is also that investible capital enjoys equal access to market opportunities. This is also fallacious. The reality is the existence of unequal opportunities. The realities of some countries of the world puncture the central assumption of the hypothesis. For example, all the assumed factors that are held to have accounted for high returns on marginal productivity of capital exist in some countries, but without necessarily leading to inflow of FDI. What this experience has suggested is perhaps a reconstruction of some of the assumptions of the hypothesis. Accepted that the assumptions are not in themselves problematic, what value-free instruments best measure the rates of returns on capital. Related to this problem, are the differences in the values of national currencies. The values of money differ all over the world; these differences are in themselves hindrances to the evolution of a common standard of assessment or measurement. That the rate of returns on capital is higher in country A than B might not have provided sufficient and adequate information because country B might turn out to have a highly valued national currency in the international market. This type of a situation is least accommodated in the hypothesis. The mechanics for the calculation of marginal productivity of capital lend themselves to multiple means of calculation which are bound to provide all kinds of results. Countries of the world differ in accounting procedures and practices. For example, interest rates are charged differently and perhaps according to national laws. A capital that is secured through borrowing and has not any interest is most likely to yield higher profits than that which attracts interest rates, especially very high interest rates. Such comparison is important if the differential return hypothesis is to serve a meaningful explanation of the flow of FDI. Third, the hypothesis tends to reduce the value of corporate social responsibility which is now being increasingly recognized outside the bourgeois logic of capital investment. The interconnections which the problems of the environment pose for global peace, security and development require that initiatives at resolving them should go beyond governmental interventions, either regional or continental. As we now speak of growing inter-linkages and interconnections, emerging theoretical and hypothetical formulations should be such that advance and reflect the new thinking and mentality.

The size-of-market hypothesis. According to Obadan (2004: 406) "…this hypothesis states that foreign investment will take place as soon as the market size is large enough to permit the reaping of economies of scale". The assumption here is that the existence of a market stimulates the inflow of FDI. A market is no doubt an essential precondition for economic activity to be so described. Capital can only multiply and grow where it is assured that products from an investment undertaking are regularly purchased so as to be able to stimulate the rate of turn-over, which is in turn facilitated by the economies of scale of production. How cogent is the hypothesis? First, for the purpose of stimulating FDI, the hypothesis is silent on the appropriate market size. Second, market size, whether appropriate or not, is difficult to determine. The question can be asked: what constitutes or makes a market size? More seriously, what is a market size? What seems to be important in real life is not the market size per se, but the purchasing power of the market. Market, in the real sense, can be taken to be in existence only in relation to the preparedness of economic actors to always wanting to purchase goods and services. This, again, is a function of standard of living of the people. The size-of-market is therefore a relative term. This relativity makes the testing of the hypothesis difficult thereby compounding the epistemological utility of the idea. The essence of an hypothesis and by extension hypothesis-testing is to enable the building of a generalization. However, where the properties and assumptions of an hypothesis are inimical to scientific advancement and attainment, the essence of an hypothesis for the purpose of advancing knowledge becomes questionable. Furthermore, the expression "…as soon as the market size is large enough to permit the reaping of economies of scale" is vague (ibid: 406). One condition or requirement of a good hypothesis is the fact that it should not be vaguely formulated or expressed. When do we for instance, know that the market size is large enough? Of course, this requires some econometrics. But the good question remains: What are those things that should and should not be calculated? And what are the problems involved in the selection of choices of items for the purpose of the exercise? What do we lose by the inclusion or non-inclusion of some items? All these are important to any statistical calculation.

Market size, it is important to also emphasize, is as well determined by factors internal and external to an economy. Related to this is also the issue of the value of currencies. These two points play significant roles in how for instance a market size is determined. The quoted expression suggests crudely that there is a minimum market size situation or condition, and that it can be linearly expressed. However, the properties of the linear equation are not implied or explicitly stated. When do we for instance know that the minimum market size is already in place and for how long should we wait to be able to know that the market size can "permit the reaping of economies of scale". All the issues raised tend to compound the utility of the hypothesis as a possible explanation of the flow of FDI. Lastly, "market size" either as econometric expression for the purpose of building or generating reliable statistical bases, or as value preferences, cannot be determined alone unless in relation to some other factors and processes, which, interestingly, might exist beyond the geographical coverage of an area. It is practically wrong for instance to restrict the market size indices of Nigeria to its geographical area. The entire West African region, especially the English-speaking component of it, plays a significant role in Nigeria's market size. The point here is that regional integrative efforts have helped to increase market size and therefore tend to extend the definition of market size beyond a political boundary or country.

The growth hypotheses. According to Obadan (2004:406),: "These are closely related to the market's rate of growth. These hypotheses emanate from the relation between the level of aggregate demand and the stock of capital required to satisfy it". He continues: "As aggregate demand increases, a higher level of FDI will be stimulated to support a higher level of output" (Ibid: 406). The assumption of the hypothesis is that as aggregate demand increases, there will be corresponding increase in capital to be able to meet the required output for the purpose of satisfying the increase in aggregate demand. The logic is however, doubtful. Increase in capital is most likely to depend on the established correlation between the factors and forces that brought about the increased demand in the first instance. In other words, increase in capital is most likely where the factors and forces that brought it about correlate with those that brought about the increase in aggregate demand. Where no relationship or correlation exists, the probability is either way. In real life situation remarkable distinctions can be made in the composition of aggregate demand i.e. aggregate demand for civilian goods and aggregate demand for capital goods. A much more sustainable FDI inflow is most likely that which is brought about as a result of increase in aggregate demand for civilian goods. This is because increase in aggregate demand for capital goods heightens insecurity, and security, we know, is an important determinant of the flow of FDI.

There is also the problem of determining statistically the composition of the aggregate demand. Countries differ in the processes and procedures of estimating their gross domestic and gross national products (GDP and GNP). Not only that, they also differ in sophistication, especially with respect to the gathering and generation of data. Data dependability is another problem. What the above suggests is that data on increase in aggregate demand might be overestimated or underestimated, and either result produced might be sending information which might prove to be undependable. Finally, the utility of the growth hypothesis is further compounded by the very fact that increase in aggregate demand as basis for capital response is in itself misleading. More study needs be done on the identification of the causes of the increase in aggregate demand, and determine whether or not they can be sustained. A focus on the likely hypothesis that should be able to identify what these factors are and how they correlate, should rather serve as the likely explanation of FDI inflow. In its present form, the growth hypothesis is poorly focused.

Protectionist policies. The assumption here is that a protected market naturally attracts FDI. Foreign investors, it is generally believed, respond favourably to protected markets. Market protection takes different focus and is sustained by different policies. According to Obadan (2004:406): “These policies, which take the form of a variety of tariff and non-tariff barriers, are expected to encourage foreign investors to undertake direct investments in the protected market to which they earlier exported their products". He concludes: "…increasing custom duties thus constitute a major factor in FDI flows" (Ibid: 406). This form of explanation seems to be at variance with what operates in reality. It is hard to find protected markets for the purpose of attracting FDI only. What exists is usually a protected market against foreign imports. It is both practised by developed and developing economies irrespective of economic ideologies for the purpose of achieving different and competing political and economic objectives. The developing economies usually protect their economies so as to keep in business the home-grown, infant industries and bring about employment. The developed economies usually protect their markets largely as a retaliatory measure, to prosecute political goals in foreign policy actions or for health reasons, among others. The argument of this form of explanation might also not have a place in this era of globalization. Protectionist policies, save on health grounds and other emergency measures, are fast becoming outmoded and archaic. Efficiency is the watchword and is to be encouraged through openness and competitive (not protectionist) policies. As hindrances induced boundaries are discouraged, and as restrictions are discouraged too, globalization seeks to integrate every aspect of the world together and create a "global village".

Protectionist policies will hinder electronic-mail (e-mail) trading, stir up retaliatory actions and reactions, inject insecurity, panic and confusion into the global economy with attendant negative implications on the stimulation of FDI. The need-for-raw-materials hypothesis. This hypothesis explains the vertical direct investments into the raw materials producing sector (extractive sector), especially of the developing economies. The argument here is that foreign investors seek to invest in areas of the world that have the needed raw materials for the home industries. Stern (1973) reported that the emphasis of United States direct investment had been in extractive industries – mining, smelting and petroleum.

The hypothesis is historically supported. The "Scrambled for Africa" was associated with the growth and development of FDI in the extractive industries. Foreign investment then was facilitated by the need for raw-materials to help sustain the tempo of the industrial revolution in Europe. This hypothesis is however, not without its problems. The first problem has to do with the fact that the conceptualization that has informed its formulation suggests some elements of obsoleteness. The fact that it tends to reinforce the division of the world into two, the developed and the developing, limits its contemporary utility given the on-going globalization and its associated implications. Globalization, from an epistemological view point, seeks to develop an all-encompassing, integrated framework for the purpose of describing, explaining and predicting social phenomena of which the flow of FDI is a part. Finally, the hypothesis conceals the genuine intention and real motive of FDI. Foreign investment exists for the purpose of profit.

The investment climate hypothesis. As a term, investment climate, according to the World Bank (2002: 59), "…refers to the numerous ways in which government policies affect the productivity of investment by fostering openness to trade and FDI, macro-economic stability, fair and efficient public sector administration, low corruption and effective law enforcement, strong financial institutions, the provision of effective infrastructure, sound regulation, and measures to ensure the health and education of the work force." In the opinion of Obadan (2004: 407): "In empirical studies, the elements of the investment climate covered include macro-economic policy, the legal framework, political instability, infrastructure and health and education services". He asserts that: "Poor macro-economic policies resulting in, for example, inflation, uncertainty, real exchange rate volatility, etc, have a negative impact on the level of investment while an appropriate legal framework and its fair enforcement have an important positive impact". (Ibid: 407). And he concludes thus: "Political instability has a significant negative effect on investment, just as lack of adequate infrastructure and human capital has been found to reduce private investment. Inadequate infrastructure constitutes one of the major obstacles to doing business". (Ibid: 407).

As a factor accounting for the explanation of the inflow of FDI, the "investment climate" argument is premised on the logic that the inflow of FDI is basically determined, positively or negatively, by the presence or absence of certain requirements. These requirements are considered vital to the movement of international capital across borders and continents. These basic requirements are further considered important not only for the attraction of FDI, but also in the maximization of the benefits that are usually associated with FDI. Pools of empirical evidence have either confirmed or refuted the logic of the argument. Under high dictatorship and authoritarianism, countries of the world have successfully attracted FDI, while less authoritarian and dictatorial ones have not been able to attract meaningful FDI in spite of the fact that the necessary socio-economic infrastructure are also in place. What this evidence suggests is that all the basic requirements and ingredients are at different levels of importance.

The question then becomes: How can they be so rated in such a way as to be accorded necessary policy priorities? In other words, what percentage of policy priority attention should a requirement enjoy in the midst of others? More importantly, how can this be neatly done without having to alter the implementation of the entire policy package? All these tend to weaken the strength in the "investment climate" argument. Apart from the above, there is also the problem of being able to establish the necessary theoretical and pragmatic linkages among the requirements. What theory, for instance, should connect political stability with the existence of either sound legal framework or sound financial institutions and regulations? This question has become important in view of the fact that what the factors seek to analyze and hope to achieve are the development of an holistic and integrated approach to the attraction of FDI. Knowing the point of theoretical connection will no doubt help in the formulation of appropriate policies and other policy stimulating mechanisms for the achievement of the overall policy objectives. Because the above is difficult, the argument of “investment climate” is again weakened. Finally, because these requirements enjoy different levels of importance, and because the theoretical and pragmatic linkages among them might be difficult to determine, there is the problem of determining how best they can be sustained either singularly or in a relationship. This is a major policy problem.

Other factors. Some of these other factors according to Obadan (2004: 407), “…are international product differential, domestic investment, low labour and production costs abroad, need to maintain supplier relationships with customers and adequacy of information about opportunities in foreign markets". The argument here is that beyond protectionist policies, the “investment climate”, and the various hypotheses explained above, FDI inflow can also be stimulated by some of the other factors mentioned above. These “other factors” are critical and crucial to the analysis and investigation of the forces and factors that do propel FDI. To try to belittle them or present them as if they do not matter or that they acquire only very insignificant percentage contribution, is to run the risk of scientific reductionism. What the study of the factors and forces that determine FDI inflow has revealed, either in the present hypotheses or as explanatory points of reference, is that they will only be useful if their claimed validity can be tested empirically over a period of time in different economies. This will no doubt form the basis for generalization and theory development.

However, can hypothetical explanations or better still, meta-theoretical explanations be used and accepted as theoretical frameworks of analysis? The nature of these explanations limit their being used as theoretical frameworks of analysis. Therefore, the search for an appropriate and suitable theoretical framework of anlaysis for the study continues. The problems and issues of the study need further amplification within the existing theories of international political economy in broad and specific terms. The study is no doubt a study of a significant aspect of international political economy which further explains why any thought on how it should be theoretically analyzed must be placed in the existing dominant theories. These are the theories of "dual economy", "modern world system", and "hegemonic stability" which are now explained in turn.

According to Gilpin (1987:66), the central argument or thesis of the "theory of the dual economy" is that: "…every economy, domestic and international, must be analyzed in terms of two relatively independent sectors: a modern progressive sector characterized by a high level of productive efficiency and economic integration, and a traditional sector characterized by a backward mode of production and local self-sufficiency". The immediate question is: How can we place the Nigerian economy, especially between 1985 and 1993, within the central argument of the theory of the dual economy? The Nigerian economy, before then, and up to now, is no doubt sandwiched between the forces of old and new, between the forces of traditionalism and modernity. The "adjustment-transition programmes" were meant, among others, to transform the Nigerian economy from its agrarian form and over-dependence on exhaustible oil, to that which is industrial and less dependent on oil as a significant foreign exchange earning. But the problems with this theory and why it cannot serve as a framework of analysis for the study is that its postulations and properties are less thoughtful and rigorous.

Therefore, addressing the fundamental problem of the Nigerian economy in terms of "traditionalism" versus "modernity", the theory of the dual economy is already overtaken by the massive developments in information and technology, as markets and economic activities across the global are conducted online, and within the twinkle of an eye, by mere pressing of a button. A recent study such as this that now depends on the properties of the theory of the dual economy to explain a significant problem of note in contemporary international political economy, apart from being already overtaken by events, is as well affected by the problem of inadequacy. The relevance of the theory to the objectives of the study is therefore doubtful. Set against this background, one cannot but question the immediate relevance of the theory of the dual economy to the study. Not withstanding, it points to the fact that one of the effects of FDI on the host economy is the likely transformation of the economy, especially a developing economy.

The basic thesis or argument of the theory of the modern world, according to Gilpin (1987:67), is that: "…, the history and operation of the international political economy can only be understood in terms of the "modern world system". According to Wallerstein (1979:370), the modern world system is "…a unit with single division of labour and multiple cultural systems". Of what relevance or importance, one asks, is the theory of the world system to merit its adoption as a framework of analysis for the study? For the study, and for a wider examination of the field of international political economy, the theory is useful but the problem with it is still that its utility is of limited value. Nonetheless, the theory has been able to describe and explain the character of the contemporary international political economy, a character of which the movement of international capital or FDI is linked with or subsumed in. This is however, a partial explanation of what the present study seeks to unravel. Its comprehensiveness as a framework of analysis is not only questionable, the adequacy of its theoretical postulations are insufficient to help explain the responsiveness or otherwise of FDI to a liberalized polity or political setting.

The third theory, the theory of hegemonic stability, which became popular following the outstanding works of Kindleberger (1962) and Keohane (1980), seeks to explain how the rise of a single country, an hegemon, will help develop an open and liberal world economy. In the words of

Keohane (1980:132), the theory "… holds that hegemonic structures of power, dominated by a single country are most conducive to the development of strong international regimes whose rules are relatively precise and well obeyed…" He goes further: "… The decline of hegemonic structures of power can be expected to presage a decline in the growth of corresponding international economic regimes" (Ibid:132). While, according to Gilpin (1987:72), "… the mere existence of a hegemonic power, however, is not sufficient to ensure the development of a liberal international economy", the theory can be further criticized on the ground that it is authoritarian in thoughts. It no doubt provides a one-eye view to the study and analysis of international political economy. Like the other two theories before it, the theory of hegemonic stability is not useful as a framework of analysis to the study for good reasons. The idea of "hegemon" and the whole thoughts that do influence its formulation are antithetical to the substance and stuff in which the thesis as contained in the study are based and argued. Second, the idea of a liberalized world system, the international context in which the theory of hegemonic stability is based, though equally provide the setting in which FDI is likely to be attracted and stimulated, is however, viewed from a dominant lens of a worldview that fails to recognize the peculiarities of some countries and situations. Third and final, the theory, as a framework of analysis for the ongoing study, is further rejected on the grounds that it is impressionistic in orientation and therefore lacking in power to adequately describe, explain and predict.

So, what is the adopted or chosen framework of analysis for the study? Providing a quick answer, it is reasoned, is very unscholarly. This is because all the theories and schools of thought that have been reviewed so far, strategically left the ground-breaking work of Dunning (1988) unexamined. It is important that this Dunning's special work is here examined and reasons be provided for its rejection as the adopted framework of analysis. Dunning is a noted authority, and an outstanding individual in the discourse on FDI; a critical examination of his work will help to provide the necessary insights into the understanding of the thesis of the study, and the plurality of opinions on how to attract and stimulate FDI. It is difficult to resolve the problem of the adopted framework of analysis for the study without placing Dunning's "eclectic theory" in perspective and close scrutiny.

In trying to answer the questions: "Why do firms invest?" and "Where", Dunning (1988) developed a framework of reasoning within a bigger, mentally tasking question: "How can international production activity be explained? In answering the question, he developed three critical core ideas and values. These are (1) "ownership-specific advantages", (2) "location-specific advantages", and (3) that it serves the interest of a firm that has ownership-specific advantages to go international. According to Alderson (2004), Dunning's eclectic theory is rooted in the famous industrial organization theory, location theory, and the theory of the firm. In other words, the "why", "how", and "where", as it relates to the development of a theory of international production, and by extension, a theory of foreign direct investments, are already subsumed in the existing theory of the firms of the Western formulation and propagation.

The kernel of the eclectic theory of the firm as developed and popularized by Dunning (1988) is that in an environment characterized by costs and risks of production rooted in cultural, legal, linguistics and political differences and exchange rate risks and costs associated with discriminatory practices, for international production to occur, the foreign firm must possess some set of countervailing ownership-specific advantages against the informational and regulatory advantages that local, domestic firms have. Dunning (1988), perhaps in an attempt to answer the specific question: "Where does direct investment happen?", identified factors such as market size, tariff barriers, costs, investment incentives, and research as major determinants. All of this is what he calls the “location-specific advantages”. He provides the answer to the final question: “How does direct investment happen?” According to him, direct investment happens “when firms internalize markets across national boundaries”. The immediate questions therefore become: Of what relevance is the eclectic theory of foreign direct investments as propounded by Dunning to the study? More importantly, can the eclectic theory serve as a framework of analysis for the study? The eclectic theory, without argument, is relevant to the development of the broad thesis that is being advanced in the study on the technical point that it provides useful background to the understanding of the philosophical basis of economic globalization. But for the purpose of framework of analysis, while the contemporaneity of the elements of the theory remains intact, the extent to which the theory incorporates and shares in the defining characteristics of globalization (the base of the study) is doubtful.

Having examined Dunning (1988) and given reasons for its rejection, the question can again be asked: What is the adopted framework of analysis for the study? The adopted framework of analysis is what is simply called “economic globalization”. What does it mean? In other words, what are its theoretical properties? To what extent do the properties provide opportunity for it being used as a framework of analysis? What thesis does it hold? How does the thesis help in the tasks of description, explanation and prediction? Finally, how appropriate and suitable is it as an analytical disquisition and framework? Before all the questions are provided answers, an urgent task needs be expressly accomplished. There is the imperative need to distinguish between economic globalization as a concept and as a framework of analysis, the specific sense in which it is being currently used.

What precisely economic globalization is, can be linked to the idea and concept of globalization. In other words, any explanation of economic globalization as a framework of analysis needs be situated in the origin of the conceptual terminology, globalization. The implication of this further is that as a framework of analysis, its properties, postulations, and propositions can only be discussed and analyzed when first, we seek an understanding of globalization. An understanding of globalization does not necessarily mean its definition. This will be too elementary. An understanding which must therefore be sought for should be situated in the conceptualization process of its origin, especially in the broad field of the social sciences. And this can be found in the special edition of the *Review of International Political Economy*, a world class information piece on the issues and problems of international political economy that first appeared in the Spring of 1994.

The Journal, the *Review of International Political Economy (RIPE)*, in its editorial, submits that six significant developments happened in the recent past and thus gave the world a new look. The editors of RIPE identified the six developments as : (1) the emergence of a truly financial market, (2) the transnationalization of technology, (3) the "go-global" initiatives of the global corporations, (4) the rise of transnational economic diplomacy, (5) the rise of global cultural flows, and (6) the rise of new global geographies i.e. a borderless world". Even though authors like Uwara (2004), Awonusi (2004) among others, emphasized the need to give the concept the necessary historical and hegemonic linguistic identity, the fact remains that they still concerned themselves with the issue of perspective and definition. The search for what precisely globalization is, is no doubt a continuous one because, and as Uwara (2004:20) observes, it is "… a term that means many things to many people". Initiating a journey of this dimension is obviously not in the interest of the study and that of any related research theme and scholarship as a whole. Nevertheless, globalization needs be properly understood in its specific context, and the understanding which is here suggested, is that which sees it as a process. In fact, this is the specific social science understanding of it. Therefore, as a process, globalization is the series of actions and interactions that men freely engage into so as to facilitate each other's understanding of the world through a general recognition by every member of the network that every action and inaction counts, and it is in the best interest of the world. The network is the degree of the speed of the actions and interactions largely based on the state of information technology.

As a framework of analysis that was considered useful for the study, what are its theoretical properties, and to what extent do the properties provide basis for description, explanation and prediction? It is important to note from the start and within the context of providing a useful framework within which FDI inflows can be described, explained and predicted, that economic globalization, used as a framework of analysis, is closely associated with the works of Alderson (2004), and Li and Schaub (2004). Working independently, these exponents of economic globalization, set for themselves, the unique tasks of explaining what Alderson (2004) calls "upswing" in FDI inflows, and the connection between it (economic globalization) and terrorism, another transnational activity which forms the preoccupation of the work of Li and Schaub. To be able to develop a framework of analysis for the study, an integration of the two works is accomplished in such a way as to establish some sets of theoretical properties that are capable of performing the functions of a framework of analysis in social science research.

Before the integration process is explained, it is important that we first seek to know the framework of reasoning in which each work is built and therefore represents. Even though Alderson (2004) was trying to explain the upswing in FDI through a test of the mainstream and heterodox theories of globalization, yet he was still able to state boldly that: "In this article, I contribute to the sociological literature on globalization by exploring one of the central questions that surrounds the globalization problematic, namely, what accounts for the dramatic upswing in direct investment that recent years have witnessed? (Ibid:82). "What accounts for the dramatic upswing in direct investment that recent years have witnessed?", can as well be reframed to simply read: What accounts for FDI inflows? The expression, "… that recent years have witnessed", can again be reframed and elaborately interpreted to mean the last two-three decades, if we are to go by the "editorial opinion" of the *Review of International Political Economy of 1994*. Not only did Alderson (2004) raised the very problematic question, he sought an answer through the existing framework in a manner that recognizes the inherently dynamic nature of the world economy, the difference between him and Dunning (1988), among other mainstream theoretical exponents.

Alderson (2004), developing what he calls "the baseline model" through which he seeks to provide an answer to the overriding problem of research on FDI study, investigation and analysis, raises three other questions, namely, (1) "What explains the globalization of production?"; (2) "Why are the economies of some societies becoming more globalized' than others?"; and (3) "What features of a society tend to make it more 'globalized'?", in the attempt to make clearer the issues and problems that are associated with the contemporary discourse on FDI attraction and stimulation without first caring to either define or specify the attributes of a "globalized world". Li and Schaub (2004), on the other hand, gives the name "economic globalization" and define it as "…implying the growing integration of a country's economy into the world's goods and financial and production capital markets" (Ibid: 231).

The supremacy of economic globalization as a framework of analysis and hence its justification for adoption for the study can further be explained from the other very important angles and dimensions. First, it is the most recent of all the theories. It is no doubt related to the "new international political economy approach" yet it still retains its identity. Second, the elements of economic globalization are in themselves the defining characteristics and concerns of the study. Third and final, the elements in themselves are capable of description, explanation and prediction. While the issue of justification has been settled, the question of suitability needs be addressed and properly too. What makes economic globalization a most suited theoretical framework of analysis? The answer can be looked at from the extent to which the elements of economic globalization in themselves serve as theoretical underpinnings to the idea of liberalization or open /competitive economy, the lubricant of international capital movement. The idea of a "globalized world" driven by the logic of free trade, unfettered access to information, due process of law, equality before the law, transparency, etc, altogether provide basis and opportunity for the evolution and development of an intellectual framework through which the whole process of international capital movement can be described, explained and predicted. When the period of the study is placed within this broad elaboration of the forces, processes and factors of economic globalization, it makes available for use by the study the fact that the interconnections which attended the contemporary understanding of a "globalized world" provide useful opportunity to test how the emerging body of thoughts can help in the advancement of knowledge, in particular how political and economic liberalization was expected to facilitate and stimulate FDI in Nigeria between 1985 and 1993.

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CHAPTER THREE

Methodology

> The fundamental questions to ask about all research techniques are those dealing with the precision, reliability, and relevance of the data and their analysis: (1) how precise are the observations? (2) can other scientists repeat the observations? and (3) do the data actually satisfy the demands of the problem, that is, do they actually demonstrate the conclusion? - (Goode and Hatt 1981: 313)
>
> If the observations are crude, casting them in a statistical form will not help the research. If other scientists cannot repeat them, mathematical manipulation is futile. If the data do not satisfy a rigorous logic of proof, the conclusion remains doubtful - (Goode and Hatt 1981: 313)
>
> The researcher has to select from the available tools, which will provide data, he requires for the testing of the hypotheses. In some situations, he may find that the existing research tools do not suit his purpose and so he may have to modify them or construct his own - (Koul, Lokesh 2004: 126)

Methodology is critical in social research. This is so on three grounds. It determines and addresses the problematic question of how to generate and collect data for the choice of research. It provides the justification for the technique/instrument of data collection and generation. It is the foundation determining the basis for the rejection of either the research questions or hypotheses. Therefore, how does the study approach the problematic issue of "methodology of study" in the standard fashion of contemporary social science research logic, requirements and rules? The answers to the questions require the demonstration of the understanding of the sophistication that now accompanies modern social science research methodology, a sophistication that is located in the specific context of social scientists understanding of science. The chapter is consequently organized around (1) aligning the study to the technicalities, rules and logic of social science research methodology, (2) the specific application of social scientists understanding of science to the chosen tradition and choice of data collection, (3) the specification and rigorous elaboration of the science that informed the data collection procedures and processes within the historical forces and factors that in turn gave birth to the data collection procedures and processes, and (4) the critical examination of the social science research application of the tradition of history for the methodology of study

3.0 Preliminary Remarks: Conforming to the Logic and Rules of Social Science Research Methodology and Technicalities

First, how were the data for the study sourced? Second, how were the data sources rationalized and justified? Third, in what traditions of social science research methodology were the data sources rooted in? Fourth, how did the traditions facilitate and compound the processes of data collection? Finally, what implications did the traditions pose for the study? The data sources adopted by the study were rooted in the established traditions of broad qualitative research methodology, which, according to Nwanunobi (2002: 36 – 46), are characterized by five distinct methods: "participant observation; focus group discussion; documentary sources; indepth interview; case histories and case studies". In clear, specific terms, which of the above methods did the study make use of? And how was the option rationalized, justified and linked to the purpose of the research and or study?

The method of data collection adopted was the use of documentary sources, public documentary sources to be specific. Others in this category of documentary sources such as official documentary sources were not utilized simply because they were not found useful for the purpose of the research/study. But the big questions remain: How did the study make use of the public documentary sources? And, how did their utilization serve the purpose of the study? There is the urgent need to answer the former question first. Before then, the question can still be asked: What type of public documentary sources did the study utilize? The two questions now focus on the greater problematic questions of *what* and *how* in social science research methodology. So, what type of documentary sources did the study utilize? These are the Central Bank of Nigeria (CBN) and the United Nations Conference on Trade and Development (UNCTAD) yearly Reports on the volumes and sectoral allocation of FDI in Nigeria. These yearly reports can be properly described as "official statistics". Other secondary sources as found in books were equally utilized.

Related to the question of *what*, is as well the issue of rationalization and or justification. Consequently, what rationalization can be provided for the choice? The choice can be justified on the ground that the Research and Statistics Office of the CBN for instance, has the statutory and research responsibilities to compile on yearly basis, data relating to FDI in Nigeria. It must be emphasized further that the compilation of data on FDI is ever a technical and elaborate system of processes that are already institutionalized in the workings of government, and in government relationships with the MNCs. The United Nations Conference on Trade and Development (UNCTAD) relies as well on Central Banks across the world in the compilation of its yearly Reports on the state and character of FDI globally. And, beyond the argument that the CBN of Nigeria has in place a "technical and elaborate system of processes" that aid the compilation of data on FDI, the justification of the study in its reliance on the statistics of the CBN can further be anchored in the fact that the CBN patterned its statistics along the established standards of practice globally as the various Reports of the CBN addressed fundamental thematic issues in FDI study and analysis such as (1) volume, (2) sectoral allocation/type of activity, (3) country of origin/region of the world, and (4) year.

Now to the question of *how* were the data sourced. How, in specific terms, were the data for the study developed from the array of the CBN and UNCTAD yearly Reports on FDI? What was done was to look for the following information in the various Reports. These are: (1) year, (2) the amount of inflow, (3) the amount of outflow, (4) the net inflow, (5) the origins, and (6) sectoral allocation/type of activity. The utilization of each is hereby defined.

1) Year: This is the specific date of the FDI information e.g. Year 1991 or 1992

2) The amount of inflow: This is the value or total sum of FDI expressed in Naira, in a year, and imported into the country, Nigeria.

3) The Amount of Outflow: This is the corresponding value of FDI expressed in Naira, in a year, and exported out of the country, Nigeria.

4) Net Flow: This is the difference between the inflow and outflow expressed in Naira, in a year.

5) Origin: This is the source of FDI e.g. Western Europe, United States of America, etc.

6) Sectoral Allocation: This is the sum/amount of FDI in a specific sector of the Nigerian economy, e.g. manufacturing and processing.

It is again important to still ask: How have the answers to the questions of *what* and *how* adequately addressed the problem of methodology of study? Clearly put, the problem of methodology of study in broad social science research focuses on how the various methods and options chosen aid the process of data collection in such a way and manner that reliability is attained. In other words, how have the methods and options/choices of data collection helped in advancing the reliability of the data, given the fact that the method of data collection was a public documentary source and subject as it were to lack of public confidence? The point no doubt brings to limelight what in social science research is generally described as “ethical issues in qualitative research methodologies”. Beyond the issue of ethics, qualitative research methodologies are generally rooted in the nature of human behaviour (the subject matter of social science investigation), a nature that sufficiently allows the social science investigator the right and opportunity to decide on what he considers important to the generation and utilization of data. The fact that the CBN Reports in particular were made to follow the widely accepted global standards and practices of FDI presentation and analysis, helps to reduce to the barest minimum the point "of lack of public confidence" and the effect of this on the generalization emerging from the study.

The CBN and UNCTAD Reports, as "official statistics", provide detailed, comprehensive and elaborate information which constructively addresses the needs of the study. And, since the study was rooted in the traditions of qualitative research methodology, there is the extra responsibility to specify or state clearly how the process of information or data generation was facilitated beyond merely accepting the "official statistics" as presented by the CBN and UNCTAD. The *how* question that is being addressed here relates directly and technically to the generation of data and not to the application/utilization of data which had already been earlier tackled. Therefore, how was the data for the study generated from the voluminous "official statistics" of the CBN and UNCTAD? The answer to the question is subjective. It is subjective in the sense of allowing the investigator some rights in the determination of what best fits the purpose of the study, a subjectivity that is in turn rooted in the broad traditions of qualitative research methodologies. The steps involved in the generation of data for the purpose of analysis from the "official statistics" of the CBN and UNCTAD included:

i. A broad and intensive survey of the avalanche of materials on FDI in Nigeria, especially in the CBN Reports.
ii. The categorization of FDI volumes in Nigeria before and after independence, and according to regimes, military and civilian.

iii. The specific focus on the Babangida administration, the base of the study, to determine how the "official statistics" served the purpose of the study, in particular its objectives and research questions, and

iv. A study of the trends in which the figures from the "official statistics" reflected, and an intuitive probe into the likely explanatory factors.

It is apt to ask the question: To what extent do the steps identified above help in meeting the scientific needs and requirements of data collection and generation processes? In other words, to what extent were the steps scientific, and helped in the building of intelligibility and reliability. The answers to the questions form the preoccupation of the next section. It is an attempt to address the technical problem of methodology of study.

3.1 Understanding and Explaining the Science in the Tradition and Choice of Data Collection and Generation

While the above section concerns itself with the logic and rules of social science research methodology, and tries to pattern the chapter along the technicalities that are associated with the problem of data collection in broad social science research, this section preoccupies itself with how the chosen tradition of qualitative research methodology both facilitated and compounded the processes of data collection and generation. It also seeks to address the implications which this tradition pose for the study. The intention is to comprehensively address the processes of data collection and generation.

The qualitative nature of the research and its heavy reliance on secondary data sources dictate further that the root of the claimed tradition be properly addressed in such a way and manner that the science that is contained in the tradition is revealed, in particular how the science helps in the processes of data generation and collection. The accomplishment of the task obviously requires that the science in the tradition be clearly and cleverly spelt out for the processes to be understood in a manner that equally serves the purpose of science in social research. This immediately compels a rigorous examination of the relationship between history and science, and how historical facts help in the accumulation of data. In other words, the section, while preoccupying itself with the understanding of the tradition of qualitative research methodology in which the study is based, attempts to examine an array of ways in which the understanding of the tradition will as well reveal the empirical bases in which the qualitative nature of the research are as well founded.

The relationship between history and science, especially in determining the processes of data collection for the study is best illustrated when the research is situated in its rightful historical context. A number of important questions therefore become inescapable. What were the measures and policies that were initiated to attract and stimulate FDI in Nigeria before 1985? How should these measures/policies be categorized? What was the logic of reasoning that informed these measures and policies? To what extent were the measures/policies shaped by domestic and international events? To what extent did the measures/policies depart or deviate from known policies/measures in the literature? Could differences and similarities be established between and among these measures/policies? What were the degrees of these differences and similarities? How did these policies/measures evolve overtime? To what extent were the policies/measures affected by other measures? Were the measures/policies adequate in meeting the tastes and expectations of foreign investors? To what extent were they shaped by Nigerian domestic political institutions? All the questions are important to this section of the chapter.

These measures/policies, plethoric as they were, can be defined and characterized as institutional, economic, political, and legal. Relevant to the understanding of the science of data collection and generation is equally the problem of the specific meaning that one gives to each of these measures. Therefore, how can each of these be explained and defined? In other words, what is, for example, meant by institutional measures? These are very important questions. But before attempts are made to provide answers to them, it has become more important that some other fundamental questions are asked for us to be able to understand all of these measures/policies in their totality. What theoretical and philosophical bases influenced the formulation of these measures and policies? Within what theoretical and philosophical world view were they implemented? And, how should they be evaluated?

All the measures/policies, both colonial and post colonial, were constructed and designed within the liberal world view and understanding of development. Their theoretical bases were rooted in bourgeois formulations, especially following the works of Rustrow (1960), among others. The intention was to put Nigeria along the path of development in a manner that allowed for easy injection of international capital. These measures/policies, not withstanding their initial charaterization as either economic or political, largely reflected the political institutions in existence under which they were constructed or designed. The political institutions, it should be emphasized, largely reflected in turn the character of colonial rule and the post-colonial democracies of the presidential and parliamentary variants. All of these will be explored in detail later as attempts are made to categorize them as colonial and post colonial.

3.2 The Procedures of Data Collection and Generation: Situating the Science Further in its Historical Contexts

What were the specific measures and policies under colonial rule that were meant to attract and stimulate FDI? These measures were both political and legal. The nationalists and “founding fathers” of Nigeria, not withstanding the differences amongst them, agreed in principle that foreign investors would be allowed to participate in the running of enterprises and in the economic development of Nigeria. According to Enyenwosu and Nemedia (1980: 5): "…pronouncements or statements from both the national and regional governments indicated some realization that in order to exploit the full potentialities of the country and raise the standard of living of the people, overseas capital and skills would be required". They continue: "Thus at the Constitutional Conference of 1957 the Nigerian governments submitted a declaration affirming their readiness to accord foreign investors very attractive inducement to invest in Nigeria. In 1958, they issued a joint statement unequivocally welcoming outside participation in the country's development" (Ibid: 5). And the legal measures and policies were as contained in the famous five distinct legislative enactments: (1) the Industrial Development (Import Duties Relief) Act, 1957, (2) the Industrial Development (Income Tax Relief) Act, 1958, (3) the Customs Duties (Dumped and Subsidized Goods) Act, 1958, (4) the Customs (Drawback) Regulations Act, 1959, and (5) the Income Tax (Amendment) Act, 1959.

These legislations, in the words of Enunwosu and Nemedia (1980: 5 – 6), "…together accorded to foreign investors wide ranging incentives which include: protracted tax holdings, accelerated depreciation of capital, some market protection, and the creation of a more competitive business environment". The Industrial Development (Import Duties Relief) Act, 1957 provides for the refund of import duties on materials and items that were brought into Nigeria for the purpose of either the processing or manufacturing of goods and services whose processing or manufacturing would otherwise not have been at competitive prices unless such refunds are made. Where this is provable the law allows a duty exemption of up to ten years. The Industrial Development (Income Tax Relief) Act, 1958, entitled "pioneer status" companies to a tax-free holiday of 5 years which can still be extended to another 10 years. The Act further provides that a pioneer company that incurred a minimum expenditure of N10,000 on fixed assets before the commencement of production can claim a tax relief of 2 years. The company can still be allowed a year tax relief if by the end of the extended period the investment in fixed assets exceeded N100,000.00.

The Customs Duties (Dumped and Subsidized Goods) Act, 1958 provides for the imposition of a special duty on any goods either dumped or subsidize from outside Nigeria that are capable of threatening the competitiveness of local industries or causing material injury to potential or established industries in Nigeria with the proviso however, that "…the imposition of a special duty will not conflict with her obligations under the General Agreement on Tariffs and Trade (GATT)". (Ibid: 6). The Customs (Drawback) Regulations Act, 1959 "…enables importers to claim repayment of import duty if goods are exported in the same state as that in which they were imported and if materials are imported for use in the manufacture of goods and then exported". (Ibid: 6). The Income Tax (Amendment) Act, 1959 provides for an initial write-off of 40 percent for machinery in addition to a normal permissible annual depreciation of 5 – 15 percent. It has the advantage of enabling companies in Nigeria "…to amortize their capital assets and build up liquid reserves during their formative years". (Ibid: 6)

The attainment of independence in 1960 witnessed the formulation of the post-colonial measures and policies at attracting and protecting FDI in Nigeria, measures and policies that were significantly affected by the following events: (a) the pre-independence debate on nationalization, (b) the argument of Nigerianization, (c) the civil war, (d) the 2nd, 3rd and 4th National Development Plans, and (e) global debates, in particular as the debates relate to how best to put nation-states on the path of economic self-reliance and the right direction to development. The Independence Constitution of 1960 provided for adequate compensation if for any reason any industry was nationalized. More important, Nigeria signed the World Bank Convention on the

Settlement of Investment Disputes between States and Nationals of other States. It will be recalled that the Nigerian Airways, the Nigerian National Shipping Line, the Nigerian External Communications were created as a result of the nationalization of properties. Perhaps realizing that nationalization could not have been wholesale because of the problems of "…overwhelming constraints of human and material resources…", the post-independence Nigerian government instead replaced it with the policy of Nigerianization. According to Enunwosu and Nemedia (1980: 7), the policy of Nigerianization: "…involves essentially the ideas that (a) Nigerians should displace as rapidly as possible expatriate employees and managers in Nigerian business enterprises, and (b) the removal or dilution of foreign interest from the commanding position they occupy in Nigerian economic life".

Admitted that the idea of national development plans in Nigeria predates the civil war which lasted between 1967 and 1970, Nigerian governments, in particular post independence Nigerian governments, had designed the development plans in such a way that they would be funded externally. According to Akinsanya (1983: 147), "the plans for financing the First National Development Plan (1962 – 1968) called for an expenditure of $1,892 million, one half of which ($949.2 million) had to come from external loans and grants while 30 percent ($560 million) represented direct foreign investments, and the balance was to be raised internally". The post independence measures and policies aimed at attracting FDI in Nigeria before 1985 could as well be situated within the then global debates on the right directions to the development of nation-states. The 1960s and 1970s in particular were characterized with debates not only on nationalization of foreign properties in the nation-states of the third world as a quick mechanisms of getting out of the acute problems of underdevelopment in which they were (and still) subsumed but also on how best economic self-reliance can be achieved. Nigeria's response to the global debates, especially under military rule, took the form of introduction of indigenization policies. Towards this end, two indigenization decrees were promulgated in 1972 and 1977 to help in the promotion of Nigerian businesses. Pre-independence policies had earlier removed the hands of the foreign investors from retail trade. Under the new arrangements, clearer and greater specifications were made on what type of industry, and on the percentage of equity participation, that foreign investors could either involve themselves or be allowed to own directly or in partnership with Nigerians.

Now to the critical issue of how the measures/polices help to influence the processes of data collection and generation. The question is hence asked: How have these measures and policies helped in the attraction and stimulation of FDI in Nigeria? For the purpose of emphasis, the pre-independence policies and measures were indeed meant to attract FDI, while the post-independence measures and policies were meant to protect FDI in Nigeria. More important to the subsection, what is the implication of the comparative study of the colonial and post-colonial measures of attracting FDI on the processes and procedures of data collection and generation of the present effort? In other words, how did the differences and similarities in the colonial and post-colonial policies shape the processes of data collection and generation of the present study? Before the two questions are here examined, it is important to first preoccupy the on-gong analysis with the differences and similarities in the colonial and post-colonial and measures.

It is therefore appropriate to ask: What and what constitute the differences in the colonial and post colonial measures and policies of stimulating FDI in Nigeria? The differences, it is here noted, are what any analyst thinks of them. This is because the two periods, colonial and post colonial, overlap in the area of policy formulation and implementation. The issue of nationalization which was effectively tackled in the post colonial policies and measures pre-dates the attainment of political independence in 1960. In fact, it was a campaign issue during the 1959 Federal Elections, preparatory to Nigeria's attainment of independence in 1960. Not withstanding the above, a deep reflection will however, reveal that before 1960, the various policies and measures of attracting and stimulating FDI in Nigeria were specially designed as legislations, since they were meant to target the specific and broad needs of the foreign investors in the area of ensuring that the Nigerian investment environment provided opportunity for the "maximization of profits and the minimization of losses". The argument can then be made that while the colonial policies and measures were meant to attract and stimulate FDI specifically, that of the post colonial were meant to be protective which no doubt had two-sided effects: (1) ensuring that the existing FDI in the country were protected maximally, and (2) allaying the fears of would be foreign investors about investing in Nigeria, especially as Nigeria was a signatory to the World Bank Convention on the Settlement of Disputes between States and Nationals of other countries.

Another difference can be seen in Nigeria's understanding of economic development and in the desire for economic nationalism. While Nigerian governments, both federal and regional, before 1960, desired economic development through the injection of foreign capital, after 1960, the various governments both at the federal and in the regions/states, preferred instead economic development through economic nationalism. Categorically therefore, it can be said that the policies and measures at stimulating and attracting FDI before 1960 were economic, while the measures and policies after 1960 were political. Lastly, the two sets of measures and policies were largely affected by the nature and character of government that came up with the measures and policies. The colonial government was politically repressive and suppressed criticisms until 1960 when political independence was achieved. The colonial government was equally divisive just as "divide and rule" policy of Lord Lugard became accepted as the strategy of political administration. The policies and measures of between 1960 and 1985 were equally shaped by the democratic culture of parliamentary and presidential, and by the character of military dictatorship and autocracy.

What similarities existed among them? These can be explained when we examine the goals and objectives of the sets of measures, and the environment in which the processes of their formulation took place. The goal and objective remained the same: the attraction and stimulation of FDI in Nigeria. The pre and post-1960 measures and policies were equally shaped by the processes of politics in Nigeria. The environment of politics in Nigeria is about exploitation and primitive accumulation of capital, and as well as about utilizing every opportunity for selfish desires and purposes. Not only was colonialism meant to exploit Nigeria by the British colonial lords, the "founding fathers" whom the British relinquished power to, also used the State to amass wealth. The implication of the comparative analysis of the colonial and post colonial policies that were meant at stimulating FDI in Nigeria for the study in the area of data generation and collection can be seen in the wideness of the "data space" on FDI in Nigeria, a wideness which compels that data on FDI in Nigeria be compiled and studied from 1900 (the date of formal colonial establishment in Nigeria) to 1984, a year before the coming into existence of the Babangida administration, and the period after 1993 when the administration ended.

3.3 The Social Science Research Implication of the Tradition of History for the Methodology of Study

In the above sections, the problematic issue of methodology of study in both broad and specific terms was tackled. This section concerns itself with the social science implications of the study's reliance on the tradition of the historical-analytical method as the adopted and chosen technique of data collection. To put it directly, what are the implications for the study of its reliance on the historical-analytical method as both the technique and tool of data collection? Two significant intellectual issues are however, important to urgently examine before the question is addressed. What are these issues, and to what extent are they important in addressing what the subsection has chosen to address? These issues are what Carr (1987), in his very polemic work titled: *What is History,* called: *"history, science and morality",* and *"causation in history"*. Of what relevance is the technical point of Carr to the purpose of the section? Critical as the question is to the purpose of the subsection, it is however, much more important to as well urgently examine the context in which Carr (1987) identified the two intellectual issues. Carr had set for himself the task of critically analyzing the discipline of history and in the process engaged himself with the age-long intellectual pursuit of establishing whether there is anything scientific about the discipline. According to Carr (1987: 56): "At the end of the eighteenth century, when science had contributed so triumphantly both to man's knowledge of the world and to man's knowledge of his own physical attributes, it began to be asked whether science could not also further man's knowledge of society". He continues: "The conception of the social sciences, and of history among them, gradually developed throughout the nineteenth century; and the method by which science studied the world of nature was applied to the study of human affairs". (Ibid: 56)

In the informed opinion of Carr (1987), history is a science especially against the backdrop of the fact that since the end of the 18th century "…science was concerned no longer with something static and timeless, but with a process of change and development. Evolution in science confirmed and complemented progress in history". (Ibid: 57). According to Carr, the historical method and the method of science share a lot in common especially given the fact that they both aim towards the collection of facts and in the subsequent analysis of these facts. Carr's argument and submission are no doubt relevant to the purpose of the section in two important ways. First, the argument of Carr reinforces the sustained meaning which the social scientists give to science as simply the process of discovering the truth in such a way that by using the same procedure or process, the same conclusion can be arrived at by any other researcher who decides to work on the subject of investigation. Second, the argument of Carr links the meaning and understanding of science to human progress. Science, it is here recalled, only brings meaning to life in that it helps in the understanding of life and all the creatures that live in it. Therefore, the study of the whole processes about human existence facilitated by a system of reasoning based on rigour, apart from being scientific, is what will determine at the end how much progress that we make as human beings.

The intellectual issues of the relationship between history, science and morality, and the problematic method of determining causation and history, have, without debate, jointly shaped the processes of reasoning and investigations in the social sciences. Social science research methodology is consequently patterned along certain rules and logic of reporting research findings. The rules, which cannot be said to have changed fundamentally, interestingly too, cannot be said to be static. The argument of the "nature of subject matter" in social science investigations, and the very fact that social scientists are in themselves first and foremost human beings, jointly help to determine the nature of data collection in social science patterned investigations. Whether approached from the angles of primary or secondary sources of data collection, the consensus in social science research is that the topic helps in determining the nature of data collection.

For the purpose of generating data for the study, relying on the yearly Reports of the CBN and UNCTAD, and other important secondary sources, need be situated in time and space to be able to give meanings to the figures that are contained in these yearly Reports. The central objective of the study, which is to know whether or not the implementation of the transition-adjustment programmes of the Babangida administration within the context of economic diplomacy led to an increase or otherwise in the volume of FDI in Nigeria, can be well-served only when placed within a broader, historical study of the political economy of FDI in Nigeria which we know, predates 1985, the date of the commencement of the Babangida administration. Limiting the study again to the period between 1985 to 1993, will also take away from the study its contemporary relevance, because between 1993 and now some developments had happened (and still happen) which, no doubt, are of interest in the debates on the forces and factors propelling the movement of international capital, or the preconditions and prerequisites of FDI attraction and stimulation.

Given the above scenarios, what are the social science research implications of the application and utilization of the historical-analytical method as a means of data collection for the study? First, the study will be widened beyond its present scope. Data will be supplied on first, the nature, patterns, sectoral allocation, country of origin, etc, of FDI in Nigeria between 1900 and 1985, and between 1993 and now. This is important for the thesis of the study to be properly understood. Second, as attempts are made to interpret and analyze the data, some comparative insights are equally provided into the political economy of FDI in Nigeria, regime by regime, and administration by administration. This equally gives the impression that the study is as well a comparative study of the volumes, nature, sectoral allocation, etc, of FDI in Nigeria. Third and final, the ethical issues of qualitative research methodologies, broadly defined, are capable of infiltrating into the methods of either arranging or analyzing the data, methods which, without argument, are largely subjective.

3.4 The Method of Data Collection

Having stated clearly the science in the methodology of the multiple processes of data collection, it is apt to ask: What was the adopted method of data collection for the study to compliment the existing sources of data? The adopted/choice of data collection method was shaped by the general tradition of the qualitative research methodology. The tradition generally allows for descriptive statistics which are meant to serve the purpose of the study and the compatibility which must exist as a rule exist between it (i.e. purpose/objective of the study) on the one hand, and the research questions on the other. This section therefore addresses how the data for the study were generated from the avalanche of sources on the volume and sectoral allocation of FDI in Nigeria.

What were the procedures and processes of data collection for the study? Sections 3.0, 3.1, 3.2 and 3.3, it is here recalled, preoccupied themselves with the first step in the series of the processes of data collection. They however, satisfy in generally terms the technical discussion and analysis of "methodology of study" without actually meeting the core requirement of "method of study' as enjoined in advanced social science research applications and practices. The tradition of qualitative research methodology in which the thrust of the study is situated exerts very great and serious control on the method of data collection. Out of the standard methods of data collection of the qualitative genre such as "participant observation", "focus group discussion", "indepth interview" "case studies and case histories", "projective technique", only the indepth interview satisfy the goal/objective of the research which is to know whether the implementation of the twin policies of the transition-adjustment programmes within the context of economic diplomacy" led to an increase in the volume of FDI under the Babangida administration in Nigeria between 1985 to 1993. This obviously does not involve the hypothetical test of any relationship.

The indepth interview method was complemented with the use of questionnaire. The indepth interview and questionnaire therefore served as the techniques/instruments of data collection. These two techniques are supported by the argument of suitability and appropriateness. Both techniques and instruments are suitable and appropriate on the ground that they naturally fit into the attempt at providing a data collection method that should complement the avalanche of existing materials in UNCTAD and CBN Reports. The justification for the use of indepth interview and questionnaire is further supported by the indispensable need to both develop and provide a mechanism through which the figures that are contained in both the CBN and UNCTAD Reports can be evaluated. The administration of the interview and questionnaire apart from complementing each other are done in such a way that the advantages and disadvantages of each of them to the research are balanced. For instance, where it is difficult to have direct interviews with the respondent, the draft questionnaire will be dropped and further appointments fixed for the purpose of retrieval. Where also the respondent gives only a limited time and opted for the interview method and claiming lack of time to fill the questionnaire, the interview will be conducted as requested under the terms and conditions given.

The population for the study was restricted to the experts and officials in the field of international capital movement in establishments such as universities, research institutes on international relations, the Central Bank of Nigeria, the Chambers of Commerce and Industries, and relevant Ministries like Foreign Affairs, Commerce and Industries. All these constituted the sampling frame. The sampling for the experts consisted of the ranks of senior lecturers/fellows and above in the universities and research institutes in the Southwest of Nigeria namely: the Nigerian Institute of International Affairs, Lagos; the Universities of Lagos; Ibadan; and Ife - part of the so-called older generations of universities in Nigeria. For the officials, they included the Lagos

Offices of the Central Bank of Nigeria, the Chambers of Mines and Industries, and Ministries of Foreign Affairs, Commerce and Industries not below the cadre of Directorship. A sample population of 30 was targeted on the ground of relative homogeneity by virtue of academic training/research and administrative duties. The breakdown is hereby given:

1.	Nigerian Institute of International Affairs	–	4
2.	University of Lagos	–	5
3.	University of Ibadan	–	5
4.	Obafemi Awolowo University	–	5
5.	Ministry of Foreign Affairs	–	2
6.	Ministry of Commerce and Industries	–	2
7.	The Chambers of Commerce and Industries	–	2
8.	Central Bank of Nigeria	–	5
			30

The experts/researchers that constituted the sampling population in universities, research institutes and CBN were those in the disciplines of political science/international relations, international law and diplomacy, history/strategic studies, international economics and international development studies, and international finance. The method of sampling was non-probability sampling method. The questions for both the interviews and the questionnaires reflected both the research questions and the purposes/objectives of the study. They specifically addressed respondents' knowledge of the extent to which the implementation of Babangida's administration implementation of the twin policies of transition – adjustment programmes led to either an increase or otherwise in the volume and sectoral allocation of FDI in Nigeria. Both the interview and questionnaire were organized around the thematic areas of information and needs of the research (- see a copy of the attached samples).

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CHAPTER FOUR

Data Presentation and Analysis

> The basic objective of qualitative analysis is to provide *useful, meaningful and objective* answers to the research questions of researchers, decision makers and information users - (Koul, Lokesh 2004: 206)
>
> Analysis of qualitative data means studying the organized material in order to discover inherent facts. These data are studied from as many angles as possible either to explore the new facts or to interpret already known existing facts - (Koul, Lokesh 2004: 190)
>
> There are no formal or universal rules which a researcher may follow in organizing the data in various units, patterns, or categories. It requires a creative approach and a lot of perseverance to give a meaningful look to the data - (Koul, Lokesh 2004: 189)
>
> Qualitative analysis rests essentially ....on an investigator's own style of rigorous thinking along with the sufficient presentation of evidence and careful consideration of alternative interpretations – (Yin, 1989: 105)
>
> To a very large extent, qualitative analysis is highly personalized. The researcher's views and opinions play a more prominent role in the qualitative than they do in quantitative analysis. This is a reflection of the type of data gathered, the instruments used in gathering them and, above all, the nature of the subject matter most suitable to analysis through the qualitative method. – (Nwanunobi, 2002: 49)

The data presentation and analysis of the study are organized around basic epistemological and intellectual issues of social science research methodology. How the nature and tradition of both the processes and procedures of data collection (see Chapter Three) impact on the processes and procedures of data presentation and analysis need be immediately elaborated upon. Apart from this helping to fulfill the conditions and requirements of social science research methodology, it also helps to add to the processes and mechanisms of appreciating the thesis/argument that is being advanced. The extent to which this is therefore neatly and successfully done, determines as well the extent to which the argument/thesis that is contained in the study is well made.

4.9 The Historical-Analytical Method: Preliminary Remarks on the Style and Technique of Data Presentation and Analysis

The tradition of qualitative research methodology in which the entire study is based compels that some essential clarifications be made, and weighty points emphasized or stressed. The traditions of qualitative research methodology, in relation to data presentation and analysis, among others, seek to determine the specific nature and character of both the method and technique of data presentation and analysis. This further means that the tradition, as a rule, compels that the method and technique of data presentation and analysis be neatly specified, especially how the specification in turn would help in enhancing the thesis and argument that are being advanced. The method and technique of data presentation and analysis therefore need not only be specified (through systematic articulation), how the method and technique in turn would help to advance the argument and thesis that are being advanced equally need be elaborated upon as well. From the rule and practice of social science research methodology, it is important to begin the chapter by asking the question: How were the data presented and analyzed? It is important as well to quickly examine the scientific basis in which the data that are contained in the study were presented and later analyzed. The scientific basis of data presentation and analysis, it should be noted, is closely connected to the processes of data collection. The procedures and processes of data collection were no doubt rooted in the broad processes of history, especially as understood from the perspective of developmentalism. This perspective examines history from the angle of scientific analysis where even though dates are mentioned, and events chronicled, the factors, forces and processes that help in determining and shaping the dates and events are identified and in turn objectively analyzed within a system of reasoning that reflects the processes of observation, validation and test of ideas (hypothesis and hypothesis testing) and the development of a generalization.

If the above technically describes the method of data presentation and analysis, the question becomes inescapable: How, in specific terms, does the method again serve as a technique of data presentation and analysis from the perspective of social science research methodology? The answer to the question is very important to this section. The historical-analytical method, the adopted style and technique of data presentation and analysis, requires detailed elaboration. How should this be done? A quick disaggregation needs be made. Three things therefore become important to immediately identify from the disaggregation. They are: (1) history, (2) analysis, and (3) method. As instruments and elements that give the style and technique of data presentation and analysis their identity, how do they, in turn, serve the requirements of social science research methodology? History points direction to the need to place the whole study in time and space. The study and analysis of FDI in Nigeria under the Ibrahim Babangida administration could only be properly and neatly done if limited and confined to the period between 1985 and 1993 (at the first instance), the period when the administration lasted in Nigeria. It would afford us the opportunity to place the avalanche of data within a time frame which is already defined. Analysis, the second outcome of the disaggregation of the historical-analytical method, emphasizes the need to place the date and event of study within the specific and critical historical factors, processes and forces that helped in giving the study of FDI within the Babangida administration its identity, an identity that is important in arriving at informed conclusions. Finally, method speaks of the need to creatively invent a scientific means of presentation that would in turn help in the understanding of the applications of the rules of social science research methodology.

While the above tries to broadly and specifically elaborate the applications and theoretical meanings associated with the historical-analytical method as a technique of data presentation and analysis, yet it still has not addressed the contained properties that make it serve as a technique or tool of data presentation of data for the study and their consequent analysis? It is important to note that these properties have their origins in the traditions of qualitative research methodology. These properties are organized around the intellectual purpose that they are made to serve. Both the traditions of qualitative research methodology and the purpose that the properties are being put jointly help in limiting the utilization of the properties around three key areas: (1) what is it that is being explained, (2) through what scientific means, and (3) by what processes of objective evaluation.

What is being explained, through what scientific means, and by what procedures and processes of evaluation, jointly direct the research attention on FDI study and analysis to the accepted and popular thematic areas of the FDI discourse. These areas are: volume, sectoral allocation, country/region of origin, etc. Consequently, how does the historical-analytical method help in the presentation of the data, and in their analysis around the thematic areas of FDI study and analysis? The answer to the question is most appreciated in the specification of the procedures of the historical-analytical method which involve: (1) a revision of the understanding of history in a manner that is consistent with a social science understanding of science as simply the process of discovering the truth, (2) the development of a system of reasoning based on certain methods of deduction and induction, (3) the integration of the thinking and understanding of science with the system of reasoning that was developed to create intelligibility, (4) the placement of the data in time and space, and finally (5) the development of a system of explanation and analysis that are rooted in the critical examination of those forces, factors and processes that help in the understanding of the relationship between the dates (years) and figures better.

4.10 Data Presentation and Analysis: The Scientific/Research Issues in the Historical-Analytical Method

What are the scientific issues in the chosen method of data presentation and analysis? In other words, to what extent was the historical-analytical method able to address the problematic issue of how best to present and analyze scientific data? The science in qualitative method of data presentation and analysis is generally hampered by the rights and opportunities which it gives to the researcher to decide on what it is that is to be presented, and second, in how best to present that which is considered to be presented. However, and in line with the social scientists' understanding of science, this should not be a problem provided, using the same rights and opportunities (technically referred to as procedures), the same conclusion can be arrived at by another researcher.

Beyond the determination of how best to present scientific data especially of the qualitative background, there is as well the problem of how the historical-analytical method can adequately capture everything that is needed to be known in what the research claimed to have studied. If indeed the research focused on the Babangida administration between 1985 and 1993, it is important then to know whether or not the period will be sufficient to provide the basis for the conclusion of the study. Arguably, the administration was the first in the history of Nigeria to deliberately put in place a policy-programme or initiative to stimulate and attract FDI. The fact in history is that there were attempts to attract FDI to Nigeria before the Babangida administration. The difference between the Babangida initiatives and these other attempts is most likely that the previous attempts were seen as normal to political administration in Nigeria. The various laws passed to attract FDI were seen as the discharge of the fundamental duties of government.

The historical-analytical method, here discussed and examined, is no doubt holistic; there is however, the problem of how to objectively capture the details which it claimed to have studied. Science emphasizes objectivity through detachment of values in both the choice of topic, and in the conduct of the entire investigation. Data presentation and analysis should expectedly derive from this accepted principle of social science research methodology. Interestingly, there was the problem of appropriately determining the most suitable method of data presentation and analysis. It is not in all cases that every appropriate method is suitable, or that every suitable method is appropriate. With respect to the chosen method of data presentation and analysis, the historical-analytical method, at what point is it considered both appropriate and suitable, or most appropriate and most suitable for the present study? The fact that the period between 1985 and 1993 is specified as the period of the study should not be construed to mean that there was anything scientific in the choice of the dates. Rather, they were selected on the basis of subjective rationality. This is an issue of scientific importance if the findings of the study are to be taken seriously.

There is equally the problem of using the time frame, the period between 1985 and 1993, to serve the purpose of a scientific understanding of a subject of investigation and analysis. Time and dates alone do not speak of science. For time and dates to be important in any scientific endeavour, they must, as a rule, be turned into a framework that helps in the appreciation of the whole of the series of the factors, forces and processes that jointly shape the events that are being studied and investigated. The question then arises: How can this idea find a place in the study of the volume, sectoral allocation of FDI, etc, in Nigeria between 1985 and 1993? The point of emphasis is simply that: To what extent should the study of FDI in Nigeria between 1985 and 1993 be seen as a scientific study? The historical-analytical method, the chosen and adopted technique of data presentation and analysis, is closely related to the method and technique of data collection. The critical scientific issue then is: Does the closeness necessarily suggest that the entire procedures and processes of data collection and data presentation and analysis necessarily serve the purpose of science?

Finally, there are also technical problems relating to the extent to which the historical-analytical method, as presently formulated, help in achieving the specific objective and purpose of science. The historical-analytical method was adopted to help in the specific and systematic understanding of the whole of the procedures and processes involved in data collection, presentation and analysis. But the critical technical problem remains: Is the historical-analytical method immune from the general problems of social science? The contests, arguments and debates involving "how exact" social science can be, infiltrate into the historical method by first challenging its contained scientific properties, and by pointing to its limits in the attempts at developing a truly scientific means of data collection, presentation and analysis.

4.11 Integrating the Historical-Analytical Method with the Global Practice of FDI Presentation Standards

For the purpose of the section, the apt question should be: What is the global practice of standards with respect to FDI presentation and analysis? The global practice of standards which have over the years formed the basis in which studies on FDI are being assessed, revolve around the following thematic areas: (1) flow of FDI by region or country of origin, (2) components of net capital flow by country/region of origin, (3) flow of FDI by component, economic sectors and region or country of origin, (4) cumulative FDI by country/region of origin, (5) cumulative FDI analyzed by type of activity, (6) foreign Liabilities (cumulative) by type of economic activity and country/region of origin, (7) net FDI analyzed by type of activity and region of origin, (8) foreign liabilities current and long term (net) and analyzed by type of economic activity and country/region of origin, (9) FDI (cumulative) in manufacturing and processing sector analyzed by type of industry and (10) net FDI in manufacturing and processing sector analyzed by type of industry. What justification can one provide for allowing the data presentation in the study to conform to the above thematic areas of FDI study and analysis? FDI analysis and study, over the years, have been made to follow a pattern that is common in the literature, especially in the various UNCTAD Reports. The justification is anchored on the fact that these thematic areas capture without any debate the totality of all that one needs to know about FDI. The data presentation is consequently patterned to reflect these ten major areas and themes that are of absolute importance to the study and in the making of a generalization.

How can the historical-analytical method be integrated into these thematic areas to the extent that its values and appeals would help in the understanding of how FDI in Nigeria responded to the various initiatives of the Babangida administration? For the purpose of the present study, three processes and procedures can be identified. The first involves using the historical-analytical method's properties to x-ray and examine how each of the thematic area serves the purpose of understanding the primary objective of the study which was to know whether or not there was an increase in FDI volume in Nigeria with the implementation of the Babangida initiatives between 1985 and 1993. The second involves a juxtaposition of the period between 1985 and 1993 with other periods before and after it. The juxtaposition would help us to know the equivalences, disparities and differences and authoritarianism in both time and space. The third involves an interpretation and analysis of the consequences arising from the placement/juxtaposition of the Babangida administration before 1985 and after 1993 in the attempts to attract FDI to Nigeria. Each of the processes now requires detailed elaboration.

First, how were the properties of the historical-analytical method integrated with the global practice of standards in such a way that the accepted and popular thematic areas of FDI discourse such as the flow of FDI by region/country of origin, components of net capital flow by country/region of origin, etc., help to provide useful information relating to the volume of FDI in Nigeria between 1985 and 1993? The years in the period 1985 to 1993 were focused upon independently, and a study and analysis of the volume, sectoral allocation, and country/region of origin of FDI made. Not only were the different years specified, the driving force and factor responsible for the uniqueness of each year were determined within the broad framework of explanation and analysis. Attempts were also made on some occasions and circumstances to place the uniqueness of each year within the forces and factors propelling global movement of international capital that were specific to the year. How the initiatives of economic adjustment and political liberalization within the context of economic diplomacy helped to shape the various events that characterized the Babangida administration were not only identified and their contained relationships determined, the co-relationship effects of the Babangida measures on other specific historical factors that jointly influence the volumes of FDI in Nigeria were also examined.

The second process involves the integration of the historical-analytical method within the whole social space of FDI study in Nigeria, the periods before the Babangida administration and the periods after, as represented by the various regimes, military and civilian. The conclusion or argument of the study would have been limited in intellectual value, or would have been difficult to make if not placed within the broad historical and social space in which the study of FDI in Nigeria is located which the historical-analytical method facilitates. The argument of the study that the Babangida measures and initiatives achieved little in the efforts at stimulating and attracting FDI in Nigeria cannot stand on its own unless in relation to other initiatives before and after the administration. The historical-analytical method therefore provides opportunity for a critical interpretation and analysis of the differences in the volumes of FDI brought into Nigeria with and without any serious efforts at either stimulating or attracting it by the various regimes (civilian and military). Again, the differences in the volumes of FDI in Nigeria become easily placed within the body of materials on the preconditions for FDI stimulation and attraction the in literature. It is useful for the purpose of policy formulation given the regime stability between 1999 and now. Contemporary policy makers need to resolve as a matter of urgency the intellectual issues bordering on the differences in the way in which countries respond to the various initiatives at stimulating and attracting FDI in the contrasting political contexts of democracy and authoritarianism.

Finally, the historical-analytical method helps to bring out the consequences arising from the placement and juxtaposition of the study and analysis of the volumes, sectoral allocation, and the country/region of origin of FDI under the Babangida administration with the various regimes before and after it. What then do we stand to gain from the study and analysis of these consequences? Specifically, of what value will our knowledge of the consequences be to scholarship and to the debate on the preconditions for FDI attraction and stimulation? Just as comparative research focuses not only on the study of only the differences and similarities in what it is that is being studied, our knowledge of the consequences arising from the study of the differences and similarities within the broad study and analysis of the volumes, region of origin, and sectoral allocation of FDI in Nigeria regime by regime, will help to bring-out the details in either the percentage increase or decrease in the volumes of FDI, and in the understanding of the forces, factors and processes of history that help to account for the increase or decrease.

4.12 Data Presentation and Analysis: The Philosophical and Intellectual Bases of the Utility and Scientific Applications of the Historical-Analytical Method

How can the historical-analytical method aid the processes of data presentation and analysis? The demonstration of the "how" question requires an instant probe into the epistemological foundation of the historical-analytical method as an intellectual framework of data presentation and analysis. It is considered necessary and appropriate to probe into the epistemological foundations of the historical-analytical method and, how, in particular, they help to provide the much needed intellectual framework with which to integrate all the variegated data on the extent to which the Babangida administration was able to attract FDI between 1985 and 1993.

To however, bring out the epistemological bases of the historical-analytical method requires a bit of philosophical reflection on the connection between what the bases are, and the purpose to which they are being used in the present study. The broad epistemological bases of the historical-analytical method are directly rooted in the history of the phenomenon to which they are meant in helping to understand, logically present and analyze. As already pointed out in section 4.1 above, the historical-analytical method emphasizes on history, however, with a sense of uniqueness. This means that even though the study focused on the Babangida administration deliberate implementation of policies and measures that were aimed at attracting and stimulating FDI within the context of economic diplomacy, any thorough analysis of data emanating from the implementation of such policies and measures need be situated within the totality of the whole events before and after the introduction and implementation of such policies and measures. This specifically requires that the volumes (increase or decrease) of FDI in Nigeria as a result of the implementation of the Babangida policies need be looked at in the period before 1985 and after 1993. This becomes inevitable because a study of the administration in isolation cannot lead to any informed conclusion, but only in relation to the events before and after the administration.

Consequently, what were the specific policies and measures that the Babangida administration initiated to attract and stimulate FDI in Nigeria between 1985 and 1993? The question however, requires some other illuminating questions for it to be properly answered. First, how should the answering of the question be proceeded with? Within the chosen method of analysis (the historical-analytical method), it is necessary to provide a brief background to the Babangida administration. Again, what pattern should the background take? The background should be able to provide an illuminating ground with which to understand the thesis of the study, and to also situate the Babangida administration within the theoretical debates on the preconditions and prerequisites for FDI attraction and stimulation. We focus here immediately on the examination and analysis of the coup d'etat that brought Major-General (later General) Ibrahim Babangida into power.

Oyediran (1979), has already provided a detailed account of the "background to military rule" in Nigeria. Not withstanding the nature of the piece, the fact that his analysis was limited to the period before 1979 no doubt provides a distinct limitation as well. Accepted also that theorists such as Janowitz (1964), and Huntington (1968) and Decalo (1973), among others, have engaged themselves with the analyses of military coups, the fact still remains that these theories only provide broad analytical frameworks with which to explain the phenomenon of military rule in politics. While these explanations can still be made use of, the fact still remains that these explanations or theories might not be sufficient enough to provide reasons that are very peculiar to the emergence of a military ruler via a militarily coup. What is the implication of the above in the tasks of examining and analyzing the Babangida coup d'etat of 1985? What this implies in effect is that any study, examination and analysis of the Babangida coup d'etat need be placed in the particular circumstance that brought about the Babangida coup.

The military coup of August 27, 1985 was generally regarded to as a "palace coup". This will no doubt remain a "journalistic" expression, interpretation and understanding of the coup. Useful as it is, it is however, limited in theoretical sophistication. From the angle of critical scholarship, the August 27, 1985 coup can be seen as largely a response to the quagmire in which Nigeria, especially in the 1980s was subsumed. It is here recalled that the coup of August, 1985, apart from being motivated by the need to open up the debate surrounding the very essence of government, it was more fundamentally rooted in the pitfalls of the policies and measures aimed at rapidly developing Nigeria, especially following the attainment of political independence in 1960. The 1950s and 1960s in Nigeria were no doubt characterized by "rising expectations". Among others, there were the hopes of popular participation in government, economic empowerment, rapid infrastructural development, improved health conditions, and mass education of the citizenry. Surprisingly, all these hopes were dashed for reasons related to poor policies, corruption, lack of responsive and responsible leadership and followership, excessive dependence of the Nigerian economy on the international capitalist system, poverty, poor technology, etc

The hope which the return to democracy of the presidential variant provided initially was equally dashed to the extent that multiparty system failed to guarantee democracy. Not only were elections massively rigged by all the political parties in their different areas of strength as the Justice Babalakin Report confirmed, government became personalized and the ruling party, the National Party of Nigeria (NPN), overnight became the police and assumed the constitutional powers of the Nigeria Police Force (NPF). Inflation and unemployment remained very high, just as domestic production of goods and services got stagnated. A military intervention resulted on December 31, 1983. The 27th August, 1985 Babangida coup came up with the title President and Commander-in-Chief of the Armed Forces, the first ever in the history of coup making in Nigeria. Justifying the coup, President Babangida observed that: "When in December 1983, the former military leadership, headed by Major General Muhammadu Buhari, assumed the reins of government, its accession was heralded in the history of this country". He continues: *"Since January 1984, however, we have witnessed a systematic denigration of that hope"*, and concludes thus: "While this government recognizes the bitterness created by the irresponsible excesses of the politicians, we consider it unfortunate that methods of such nature as to cause more bitterness were applied to deal with past misdeeds".

To convince the perceptive observer and the international community that the coup was with a mission, President Babangida gave a thorough analysis of the economic problems of Nigeria and reduced them to four. According to him, they included: (1) "a decrease of our domestic production, while our population continues to increase", (2) "dependence on import for both consumer goods and raw material for our industries", (3) "a grossly unequal gap between the rich and the poor" and (4) "the large role played by the public sector in economic activity with hardly any concrete result to justify such a role". He concludes thus: "*These are the problems we must confront"* (ibid:). It is scholarly to ask: To what extent were the problems, as articulated by President Babangida, a true reflection of the nature and character of the Nigerian political economy? First, the fact that they were brilliantly articulated should not suggest their newness. However, the point must be made that the articulation of the problems gave the Babangida administration a respect especially among the larger learned society that the administration had set for itself an agenda from the start. This will remain the administration's hallmark of distinction, especially within the academic circles, and as well explain why it made use of academics (in particular social scientists) more than any other administration in the political history of Nigeria. How then did the administration attempt to face the agenda? The answers are as contained in the Babangida initiatives, the contents of which now occupy the remaining portion of the section.

In tackling the perennial problems of Nigeria, the Babangida administration came up with a twin initiative. First, what were these initiatives? Second, in what philosophical and theoretical bases were they rooted? The initiatives were both political and economic and rooted in the liberal outlook of the world, yet informed by the logic in the Marxist philosophy that it is the economy that determines the nature and character of politics. The starting point of the elaboration can be situated in the two speeches on: (a) the IMF debate – the basis for rejecting the IMF loan, and (b) the 1986 budget - options for economic recovery. One thing that the Babangida administration inherited was the decision on the 1983 IMF loan application made by Nigeria. To showcase its democratic credentials (which turned out to be deceitful), the Babangida administration instituted a National Debate on the IMF loan application. According to General Babangida,: "The IMF debate has proved to be a unique occasion for the people of this country. Opinions have been expressed by a wide spectrum of the society, each person acting to the best of his or her knowledge with the purest of motives and all in the interest of Nigeria. The debate cuts across professional, sectional, religious, ethnic and age groups". He continues: "It has, in particular, helped to awaken the conscience of the nation and to raise our democratic ideals in a way that no other public issue has done in recent times. Without any doubt, the nation is the better for it; and this augurs well for the future". (ibid:)

While there were arguments for and against the IMF loan, the Babangida administration however, accepted the opinion that was embodied in the Interim Report on the IMF loan. According to General Babangida: "…government has come to the conclusion that for now the path of honour and the essence of democratic patriotism lies in discontinuing the negotiations with the IMF for a support loan. This is clearly the will of majority of our people on the issue". He however, observed that: "we have therefore decided to face the challenge of restructuring our economy not through an IMF loan, but a determination of our own people to make all the sacrifices necessary to put the economy on the path of sustained growth; doing so at our own pace and on our own volition" (ibid:). Contrary to the impression that the 12th December 1985 address and or speech was meant to formally announce government's rejection of the IMF loan, it instead sensitized Nigerians on the plan of the administration (restructuring) even though the details were still sketchy at the time. This no doubt marked the beginning of the restructuring programme. However, on 31st December, 1985, nineteen days after the IMF loan was announced to have been rejected, General Babangida gave an insight into the 1986 Budget. General Babangida officially announced: (a) the establishment of a Political Bureau whose Report formed the basis for a Political Transition Programme, and (b) the institutionalization of a structural adjustment programme through "divestment" (privatization) and "increase in prices, charges, tariffs and rates" (commercialization).

It is apposite to ask: What are the bases in philosophy and theory in which these initiatives were rooted? Simple as the question is, an answer is no doubt difficult to immediately provide. An attempt is however, made here to place the interpretation of the initiatives within existing perspectives in the literature which the trio of the administration (Olagunju, Oyovbaire and Jinadu) gave in their ever stimulating and provocative piece, titled: *Transition to Democracy in Nigeria*

(1985 – 1993). However, there is the imperative need to engage ourselves with the ideas of transition as a "grand design" and as a "learning process". As philosophical and theoretical formulations, the ideas can be said to be rooted in the idea of "constitutional engineering", in turn rooted in the broad intellectual framework of "social engineering". The Transition Programme was therefore designed in such a way that allowed for "trials and errors" which, unsurprisingly, led to the various banning and unbanning and endless shifts in the final date of the Transition Programme. The Directorate of Social Mobilization embarked on a series of campaigns, public/civic education programmes, etc, and saddled itself with the responsibility of "social engineering" alongside the establishment of the Centre for Democratic Studies, to, among others, conduct research into the reasons for democratic failures and the problems of institutionalizing the necessary "political culture" that should allow the play of politics according to the rules of the game in Nigeria. The economic component of the initiative, the Structural Adjustment Programme, even though claimed to be home grown, had its philosophical and theoretical bases in the World Bank Report tagged Accelerated Development in Sub-Saharan Africa: An Agenda for Action. The Report (1981:4) declared unambiguously that: *"A reordering of post independence priorities is essential if economic growth is to accelerate"* (my emphasis). This declaration formed the basis in which African countries (Nigeria in particular) designed their different "home grown" structural adjustment programmes.

The choice of the historical-analytical method as the style and technique of data presentation and analysis further requires that every detail of the Political Transition and Structural Adjustment Programmes be comprehensively examined in the attempt to make Nigeria responsive to the political prerequisites of FDI attraction and stimulation through a gradual and systematic opening of the "democratic space" or the policy of "political liberalization". But the big question is: How can every detail about the Babangida Political Transition Programme be provided and thoroughly analyzed in line with the argument of the thesis of the study? We might begin this by providing a short background to the Political Transition Programme. The background is important to the analysis of the contents, part of the preoccupation of the section. In the 1986 Budget Speech presented on December 31st, 1985, General Babangida declared that "…in order to establish a viable and enduring peoples oriented political system devoid of perennial disruptions, this administration has decided to involve the people in the search for a solution to the problem of political instability which characterized our past experiments in democracy". He therefore went ahead to announce the formation of a Political Bureau that was charged with the following tasks: (a) "gather, collate and synthesize the contributions of Nigerians to the search for a new political system", (b) "organize public discussions through debate, seminars, symposia, on the various questions relevant to the search for a new political order", (c) "deliberate on political problems that may be referred to it by the president", (d) "evaluate the various contributions and make proposals to government" (ibid:).

Precisely on March 27th, 1987 the Political Bureau submitted its Report. Organized into thirteen chapters of two hundred and fifty-four pages, and utilizing the established procedures in social science patterned research methodologies, the Report recommended the socialist alternative at a time when the then Union of Soviet Socialist Republics (USSR) was also tearing apart (which eventually happened), among other important recommendations. On March 30th, 1987, General Babangida set up a nine-man panel under the chairmanship of Major-General Paul Omu, the then Commandant of the Command and Staff College, Jaji and member of the Armed Forces Ruling Council (AFRC), to: (1) study the Report of the Political Bureau, and (2) prepare a draft White Paper for consideration by the AFRC. The White Paper contained important recommendations which outrightly rejected the earlier recommendations of the Political Bureau Report. Some of these recommendations included: (1) rejection of the termination of the policy of privatization which the Bureau Report had earlier recommended, (2) rejection of socialism which the Bureau Report had recommended, (3) rejection of the unicameral legislative system of the federal level, as suggested or recommended in the Report of the Political Bureau, (4) rejection of the recommendation of the Bureau that the nomenclature of a new electoral body should be the National Commission on Political Parties and Elections; and (5) rejection of 1990 as the terminal date for final military disengagement. Instead the White Paper recommended 1992 in line with a minority report of the Bureau.

The adoption of the Major-General Paul Omu Panel proposal and the establishment and re-establishment of certain institutions such as the National Electoral Commission, the Constitution Assembly, etc, and the promulgation into law of the Transition to Civil Rule (Political Programme) Decree of 1987, otherwise known as Decree 19 of 1987 marked the formal commencement of the Political Transition Programme. The Decree contained six schedule of programmes divided as:

Schedule One (Programme for 1987)

3rd Quarter

- Establishment of the Directorate of Social Mobilization
- Establishment of a National Electoral Commission
- Establishment of a Constitution Drafting Committee

4th Quarter

- Elections into local governments on non-party basis

Schedule Two (Programme for 1988)

1st Quarter

- Establishment of National Population Commission
- Establishment of Constituent Assembly
- Inauguration of National Revenue Mobilization Commission

2nd Quarter

- Termination of Structural Adjustment Programme

3rd Quarter

- Consolidation of gains of Structural Adjustment Programme

4th Quarter

- Consolidation of gains of Structural Adjustment Programme

Schedule Three (Programme for 1989)

1st Quarter

- Promulgation of a New Constitution
- Release of New Fiscal Arrangements

2nd Quarter

- Lift of ban on party politics

3rd Quarter

- Announcement of two recognized and registered political parties

4th Quarter

- Election into local governments on political party basis

Schedule Four (Programme for 1990)

1st and 2nd Quarters

- Election into state legislatures and state executives

3rd Quarter

- Convening of state legislatures

4th Quarter

- Swearing-in of state executives

Schedule Five (Programme for 1991)

1st Quarter

- Census

2nd Quarter

- Census

3rd Quarter

- Census

4th Quarter

- Local Government Elections

Schedule Six (Programme for 1992)

1st and 2nd Quarters

- Elections into federal legislatures and convening of National Assembly

3rd and 4th Quarters

- Presidential Election
- Swearing-in of new president and final disengagement by the Armed Forces

However, by virtue of the promulgation of Decree No. 26 of 1989, the Transition to Civil Rule (Political Programme) (Amendment) Decree 1989, some deletions were initiated in the Transition to Civil Rule (Political Programme) Decree 1987. They included: (1) the local government elections which was earlier scheduled for the 4th quarter of 1989 was moved to the 4th quarter of 1990; (2) the elections into the state legislatures, the convening of state legislatures and swearing-in of state executives earlier scheduled for the 1st, 2nd, 3rd and 4th quarters of 1990 were moved to the 4th quarter of 1991. The 1989 Constitution was promulgated but never put to use. The question now arises: How should a concrete examination and analysis of the contents of the economic initiatives of the Babangida administration at attracting and stimulating FDI be approached? This question has become important to ask because these initiatives preceded the introduction of the political initiatives, earlier discussed. What is here focused on is a detailed analysis of the 1986 Budget which, without argument, contained the "options for economic recovery" of the Babangida administration. The point of argument here is that the contents of the economic initiatives of the Babangida administration are as contained in the famous 1986 Budget Speech. The 1986 Budget speech prepared the ground for the introduction of the policy of structural adjustment programme.

What were the aspects of the Budget that set the framework for the economic initiatives of the Babangida administration? General Babangida made three things clear in the Budget speech. According to him: "…government has decided to adopt a dynamic economic recovery programme which aims at altering and realigning aggregate domestic expenditure and production patterns so as to minimize dependence on imports, enhance non-oil export base as well as bring the economy back on the path of steady and balanced growth" (ibid:). The first point of emphasis is that the policy framework of the economic recovery programme was dynamic. Second, and within a dynamic world view, General Babangida articulated the policy framework as having the following clear and unambiguous objectives: (a) the restructuring and diversification of the productive base of the economy in order to bring an end to the extreme dependence on oil and imports, (b) the achievement of fiscal and balance of payments viability, over the medium term; and (c) the laying of the basis for a sustainable non-inflationary growth over the medium and long term. Third and final, General Babangida enumerated the following as constituting the elements with which to achieve the above objectives. They included: (a) the strengthening of the hitherto strong demand management policies, (b) the adoption of a realistic exchange rate policy, (c) furthering the rationalization/restructuring of the custom tariffs to aid the promotion of industrial diversification, (d) the simplification of the regulations and guidelines governing industrial investment and commercial banking activity, and (e) the adoption of appropriate pricing policies especially for petroleum products and public enterprises (ibid:). The restructuring and diversification of the productive base of the Nigerian economy, the achievement of fiscal and balance of payments viability, and laying the basis for a sustainable non-inflationary growth on the one hand, and the specification of the instruments or elements with which the objectives were to be achieved, on the other hand, represented a very rigorous approach to tackling fundamental problems of the Nigerian economy. Without mincing words, they remained as bold initiatives the effectiveness of which remained to be seen in the later parts of the chapter.

4.13 Data Presentation and Analysis: The Empirical Bases of the Utility and Scientific Applications of the Historical Analytical Method

The political and economic initiatives which the Babangida administration introduced between 1985 and 1993 in Nigeria to stimulate and attract FDI need be holistically examined for us to be able to determine the effectiveness of the measures and initiatives. How can this be best done? The approach here adopted is to place the two programmes in an integrated network in such a way that as liberalization mechanisms, the conceptual connections between them are revealed, especially when discussed within the context of globalization which the Babangida administration could not escape from. The starting point of the intellectual analysis of the "adjustment transition" programmes is to first place the twin programmes in the globally recognized forces that gave rise to them. However, it would be of immense benefit to the analysis if the reactions to the policies and measures at attracting and stimulating FDI in Nigeria between the 1960s and 1980s are first and foremost examined as a matter of urgency. The question should then be: What were the measures and policies between the 1960s and 1980s that were meant to stimulate and attract FDI in Nigeria? Biersteker (1987) provides a detailed and rigorous analysis of how the MNEs and the state have struggled to control the Nigerian economy. In other words, the efforts and initiatives which the Babangida administration introduced to stimulate and attract FDI to the Nigerian economy within the umbrella framework of the twin policies of "adjustment-transition" programmes were rooted in the "politics" of globalization of capital which is ever a struggle between the local capitalist forces, the comprador imperialists, and the MNEs. It was therefore an inherited legacy by the Babangida administration.

Beginning from the 1950s, there was the urge by Nigerians, the local capitalists, to assume full control of the Nigerian economy especially in the areas of produce-buying, retail trade and transportation, the most lucrative and critical sectors of the Nigerian economy. The exposures to Western education and civilization, coupled with the rising nationalist agitations helped to galvanize the argument of economic nationalism. With the attainment of political independence in 1960, Nigerian leaders, especially after 1970, backed the call for economic nationalism with the promulgation of enabling laws tagged Indigenization Decrees, the First Indigenization Decree of 1972, and the Second Indigenization Decree of 1977. Common to the two decrees was the division of enterprises in Nigeria into two schedules: those exclusively reserved for Nigerians, and those whose operations allowed for joint participation. In the first schedule of the Indigenization Decree of 1972, a total number of the twenty-two enterprises were listed as exclusively reserved for Nigerians. The number was however, increased to forty with the promulgation of the indigenization decree of 1972, a total number of thirty-three enterprises listed in schedule two were barred to aliens until certain conditions like personnel indigenization and equity participation were met. With the passage of the 1977 decree, the enterprises in this category of schedule two were increased to fifty-seven with the condition that Nigerians must have majority interest in these enterprises.

As reported by Biersteker (1987) the success of the legal initiatives was mixed. This is however, not the concern of the section. The central concern is the reaction of the MNEs, the foreign investors, to the Indigenization Decree of 1977 in particular. A study of the reaction will help to reveal the extent to which Nigeria was regarded as a haven for FDI. According to Biersteker (1987: 199): "The measure was once again broadly popular with the Nigerian public and attracted the *explicit enmity* of the multi-national corporations" (my emphasis). Consequently, the Nigerian economy became characterized by what Bierstkeker (1980) calls "counter-offensive or defensive strategy". In his words: "Thus, the successive indigenization decrees were essentially compromises, and each contained contradictions which planted the seeds of future policy initiatives. Throughout the process, each of the three generic types of political-economic actors (local capital, foreign capital and the state) mounted a counter-offensive or defensive strategy every time it deemed its central objectives threatened in some way". (Ibid: 284).

With the return to civil rule in 1979, the nature of politics and the peculiar character of politicians in Nigeria helped to heighten the fears of foreign investors in the Nigerian economy since government in particular federal government, had acquired sufficient shares to enable it manage and control these enterprises to the detriment of the interests of the MNEs. This "game of suspicion" was what the Babangida administration inherited as the administration tried to stabilize itself and ensured that those it displaced in a palace coup were kept permanently under the carpet.

With the opportunity which the policy of restructuring provided, General Babangida, as a good student of politics, and with the ambition (of becoming a life President), quickly warmed himself into the hearts of the operators of the international capitalist system through a complete revision of the indigenization decrees. On the one hand, he gave juicy contracts of questionable value to the local comprador imperialists in the oil and gas, construction and agricultural sectors of the Nigerian economy. On the other hand, he courted the MNEs by introducing policies that satisfied their interests in the Nigerian economy. We now turn to the implementation of the "adjustment – transition' programmes, in particular how the programmes were meant to stimulate and attract FDI.

Apart from the dissatisfactions arising from the introduction and implementation of the indigenization decrees as expressed by the MNEs, by the 1980s, the combined effects of the endemic problems of the Nigerian economy exerted a great impact on Nigeria's balance of payments without the oil boom of 1973 – 1974 being able to provide a shock absorber. The oil boom further increased Nigeria's dependence on imports, especially consumer goods and conspicuous consumptions. Production was stagnated in agriculture and the manufacturing industries were characterized (and still are) by capacity under-utilization and factory closures. With heavy financial misappropriation in the public sector and the abuse and misuse of import licenses, the Nigerian economy entered into a deep crisis characterized by foreign exchange shortage, balance of payments and huge debts overhang, high unemployment and negative economic growth rate. It is instructive to note that the President Shehu Shagari administration responded to the crisis by promulgating the Economic Stabilization Act in 1982, but without success. The non-resolution of the crisis (with other factors) no doubt led to the coup of December 31st, 1983 by Major-General Muhammadu Buhari.

Even though the Structural Adjustment Programme was introduced in 1986, the introduction of a Political Transition Programme by virtue of the promulgation of the Transition to Civil Rule Decree in 1987 saw the integration of the Structural Adjustment Programme into the Political Transition Programme. Consequently, by logic of design, the Structural Adjustment Programme was to terminate in the Second Quarter of 1988, while the gains were to be consolidated in the Third and Fourth Quarter of the same year, 1988. The Structural Adjustment Programme was characterized by: (1) deregulation of the interest rate, (2) establishment of a market-based foreign exchange system, (3) the pursuance of a restrictive monetary policy, (4) privatization and commercialization, (5) the adoption of cost-recovery measures in health care delivery and educational services, (6) abolition of import licensing system, and (7) general reduction in the level of import tariffs.

The components of: (1) privatization and commercialization, (2) abolition of import licensing system, and (3) general reduction in the level of import tariffs, were specifically designed to stimulate and attract FDI within the emerging globalizing forces of international capitalism as the then Soviet Union initiated the policies of *glasnost* and *perestroika* under President Mikhail Gorbachev, and as the entire Eastern bloc (so-called then) embraced these policies. The integration of the Structural Adjustment Programme into the broad framework of the implementation of the Political Transition Programme had also its domestic, sub regional and continental undertones. One of the reasons that General Babangida gave to overthrow the Buhari/Idiagbon administration was the non-readiness of the administration to put before Nigerians a political agenda on its exit. This was a well-made point. It should therefore be expected that he immediately announced a National Debate on the IMF loan, and the constitution of a Political Bureau for the purpose of designing for Nigeria the path to stable and enduring democracy. Within the sub-region and the entire African continent, there were massive resistance to military rule and one-party systems. It happened in Benin Republic, Tanzania, Zambia and a host of other African states.

As socialism, state socialism to be specific, crumbled internationally, the argument of economic nationalism based on the philosophy of nationalization fell like a pack of cards. The revolution in information technology which brought about rapid development of networks through the computer internet systems not only strengthened the emergence of a "global village", it as well increased the speed through which things were done and information disseminated. The attendant effect was the overhaul of state machineries. The processes, procedures and practices of governments, both local and international, became lubricated by the new revolution in information technology. The art of diplomacy changed significantly and the language centred on openness.

The Nigerian government, under the Babangida administration, responded in a variety of ways to the emergence of the "new international political economy" brought about by the revolution in information technology, and recognized as well the growing interconnections between the processes of political and economic liberalization. Nigeria's foreign policy became vigorously focused on, and shaped by, the need to attract and stimulate FDI with serious emphasis now placedon "economic diplomacy". In line with this objective, some institutional processes became established. The Ministry of Foreign Affairs was instantly reorganized in line with the new mandate. The Economic Division was upgraded into the status of a department with the new name of the Department of International Economic Cooperation, and the new department in turn structured into five divisions as: (a) General Economic Cooperation, (b) Technical Assistance and Related Matters, (c) Petroleum and Related Matters, (d) Foreign Commercials and Economic Legislations, and (e) International Financial Institutions. There was also the creation of Trade and Investment Department with the responsibilities and functions of: (a) assisting Nigerian exporters to find market for their products, (b) providing information to Nigerian exporters about overseas economic climate existing in countries that are of interest to them, and (c) providing other information necessary for the achievement of the goals of economic development in Nigeria.

Some other “capacity building measures” were initiated to strengthen the Ministry of Foreign Affairs in the task of the project of “economic diplomacy”. They included: (a) Internal Restructuring: the reorganization of the Ministry of Foreign Affairs without incurring additional costs, and (b) Effective Inter-Ministerial Coordination: the representation of the Ministry of Foreign Affairs boards and councils of the Federal Government such as – the Nigerian Tourist Board, the Exports Processing Zone implementation committee, the National Committee on Investment Promotion Forum, the National Coordinating Committee on Investment, and the South Investment Trade and Technology Data Exchange Trade and Technology Data Exchange Centre, among others. The Ministry of Foreign Affairs specifically embarked on techniques that were aimed at: (a) building or changing the investment image of Nigeria, (b) generating investment directly e.g. visits to prospective investors, and (c) servicing existing investors to obtain permits, among others. Apart from innovations that bordered on institutions, trade and investment promotions such as the Nigerian Investment Promotion Conference, London, 1990; Investment Promotion Forum for Nigeria, Abuja, 1991; Private Sector Investment Conference, Namibia, 1991; Nigerian/American Investment Promotion Forum, New York City, 1992; among others, were organized. General Babangida and his Foreign Affairs Minister, Major-General Ike Nwachukwu, visited Yugoslavia in September, 1989; France in 1990; Germany in February, 1992; and Namibia in May 1992.

4.14 Data Presentation and Analysis: The Volume and Sectoral Allocation of FDI in Nigeria before the Introduction of the Babangida Initiatives I, 1900 - 1959

As earlier submitted, any discussion and analysis of the whole processes of FDI in Nigeria should begin from the historical foundation or creation of Nigeria. The point here is that a profound study and examination of the whole of the events that led to the establishment of the Nigerian state is vital to the understanding of the contemporary patterns, trends and volumes of FDI in Nigeria. Therefore, what connection exists between the birth of Nigeria and the inflow of FDI? This section seeks an answer to the question. The assumption is that any discussion and analysis of FDI in Nigeria must take cognizance of the British colonial foundation of Nigeria. The assumption is greatly informed and influenced by the logic in the argument that imperialism brought about the establishment of British rule in the first instance. Two things therefore beg for investigation and examination: the establishment of British colonial rule in Nigeria, and the integration of the Nigerian economy into the global capitalist economy which FDI facilitated. They both provide very useful historical analysis of the contemporary patterns, processes and trends of FDI in Nigeria. They as well reinforce the epistemological concerns in social science scholarship. In other words, the critical questions of *how, what, when, etc,* are better revealed and served when we go by this chosen approach to the study of FDI in Nigeria.

It is however, important to ask the question: How did the British establish or found Nigeria? Put in another way, what were the processes of British colonial establishment or creation of Nigeria? In plain language, the processes took the forms of annexation and military conquest. It is important to emphasize that the entire area of today's Nigeria fell at different times to the hands of the British. However, British rule started formally in 1900. It is important to also state from the outset that the processes of the establishment of British colonial rule started as "…a chronology of voyages of trade and exploration". Perham (1937: 9), a noted authority and consultant to the British government in Nigeria during colonial rule, observed: *First we built up the slave trade, until, in the eighteenth century the triangular voyage from England to the coast thence to the West Indies, and so back, sugar-laden, to the home ports, became England's most profitable branch of commerce. (my emphasis)*. What the observation tends to support is that commerce predates colonialism. Again, that this form of commerce was slave trade before its eventual abolition. Another point worthy of note is that the British government had wished then that the trade was practised as an exclusive preserve of its reputation. According to Perham (1937: 9),: "After going to the coast in pursuit of this salve trade, we stayed there after 1807 in the endeavour to stop it. Our naval ships were sent to the Gulf of Guinea in order to prevent other nations from continuing the traffic."

The British Government appointment of an English trader in the person of Beecroft as Consul for the Bights of Benin and Biafra, with headquarters on the island of Fernando Po in 1849 marked the change from salve trade to legitimate trade especially in palm oil. The eventual annexation of Lagos in 1861 paved the way for the formal imposition of colonial rule in Nigeria in 1900. What this analysis points up is that at the inception of British colonial rule, FDI took the form of trading, especially trading now in legitimate products around the coastlands where good port facilities existed for easy and quick evacuation of such products to England and other parts of the United Kingdom. It is important to also note that the Portuguese slavers played an active role in the integration of the Nigerian economy into the web of international capitalism. However, formal integration via legitimate trade happened with the restoration of King Akitoye who, according to Perham (1937: 12), "… proved more amenable". King Akitoye was reported to have agreed to signing a treaty" …by which the slave trade and human sacrifice were to be prohibited, and freedom of trade and preparation for missionaries were promised". (Ibid: 12) Lagos eventually became a consulate in 1853 leaving the then Consul at Fernando Po to deal with the Bight of Biafra. King Dosumu (who succeeded King Akitoye) it was who, according to Perham (1937: 12) "…ceded full sovereignty to the British Government". By 1863, she continues, "…two to three other small neighbouring positions, of importance to trade, were occupied. Two Yoruba towns lying to the north, Addo and Okeodan, asked and received a promise of protection, (Ibid: 13).

From the annexation of Lagos, British colonial rule extended to the South East and the Oil Rivers by the combined activities of British appointed officials such as Sir Richard Burton, Sir Claude MacDonald, Roger Casement, Sir Harry Johnston, D. Hopkins and E. A. Hewitt, etc., on the one hand, and the foreign traders and missionaries on the other hand. In terms of analysis of foreign presence in colonial Nigeria, the South East and the Oil Rivers attracted the greatest foreign investment as the area had a great concentration of rival companies that were in existence before the establishment of formal colonial rule in Nigeria in 1900. A great facilitator of commercial activities (especially trade in men and later in palm oil) was Sir George Goldie, who Perham (1937: 25) described as "…an Englishman of genius". Sir George Goldie, she continues, in 1879, "…managed to amalgamate all the rival companies, and in 1884 he bought out some French competitors" (Ibid: 25). After the famous 1885 Berlin Conference, a protectorate was proclaimed over the coastal territories from Lagos up to the border with Cameroon, and called the Oil Rivers Protectorate. Perham (1937: 25) however, noted that: "The Oil Rivers Protectorate, as it was called, represented a claim rather than an administrative reality". In 1891 the Oil Rivers Protectorate was renamed the Niger Coast Protectorate.

From the headquarters of the Niger Coast Protectorate in Calabar, British administration and influence further extended to the interior following: (a) the series of agreements that were signed, (b) the development of native courts, and (c) the revocation of the Charter of Royal Niger Company. The Niger Company, played an active and leading role in the integration of the Nigerian economy into the emerging web of global capitalist economy. What this suggests in effect is that foreign interests and investment in Nigeria during the colonial period were dominated by the peoples of Western Europe of which the French and Germans were leading figures. The interests and investment were however, in the area of trade. Another striking point is that the Niger Company enjoyed monopolistic power. This perhaps explains why contemporary companies in the then Niger Coast Protectorate enjoyed monopolistic instincts. The oil companies that now prospect and exploit the resources of this area of contemporary Nigeria, and who seem to now replace the then Niger Company of Goldie, rely on the instrumentality of the State (as Goldie relied on the Colonial Office in London) to perpetuate their interests under the pretext of monopoly capitalism.

Foreign interest and investment in Nigeria during the period of the contact with the whites, and shortly before Sir Frederick Lugard's formal introduction of Indirect Rule in the North were concentrated in Lokoja, the point where the Benue River enters into the Niger. The Royal Niger Company was in full control of this area as trading positions and the regulation and control of the Niger River were established using its administrative staff. The rapids and waterfalls in Busa restricted further access into the hinterland by the Company. Apart from the monopoly capitalism which the Royal Niger Company deliberately created and enjoyed, there is also an interesting dimension in the theoretical analysis of the evolution, growth and development of foreign direct investment in Nigeria. It thus appears that government was important in the whole process of trade development. This no doubt explains why foreign companies in contemporary Nigeria, especially the powerful multi-national corporations, play significant (though secret) role in the enthronement of any government of their choice. The Royal Niger Company actually pioneered the Indirect Rule system of administration in Nigeria. The company was quick enough to recognize the relationship between peace and the advancement of its commercial interests, especially at the Rivers Niger and Benue confluence. The colonizing mission, contrary to the earlier held view of "trade and later politics", actually happened jointly. Politics and trade existed side by side; in fact, nothing else could have happened.

The on-going analyses of the birth and integration of the Nigerian economy into the global economy of capitalism further require in-depth expatiation and clarification. What was integrated was actually not an economy, and in this case the Nigerian economy per se, but the role expected to be played by the Nigerian economy in the then emerging world economy. The role assigned was that of supply of cheap labour to service the diverse labour-intensive industries following the Industrial Revolutions in Europe. It was only with time, especially following the global condemnation of the trade in men, that emphasis became shifted to raw materials, in particular palm-oil. As the integration of the Nigeria economy was therefore done in stages, its analysis need therefore be placed in time frame, especially as colonial rule advanced.

The analysis of the process of the integration of the Nigerian economy will however not be complete if one fails to examine the role played by physical infrastructural development, in particular the development of roads and railways and improvement in navigable waters. Roads and railways no doubt played significant role in the development and realization of the purpose and objective of colonialism. Between 1895 and 1912 the first phase of Nigerian railway construction was undertaken with the laying of the line from Lagos to the Niger and from the Niger to Kano (Gavin and Oyemakinde, 1980: 499). Along the lines the railway construction passed through, it brought about massive production of goods as their movements were easily facilitated. "Naturally the railway turned men's eyes toward the sea and strengthened the economic linkage between the places it passed through and industrial Europe" (Ibid: 500). Improvement in navigable waterways equally had its own impact in the process of integrating the Nigerian economy into the world economy. The waterways in particular those used for the purpose of trade, were dredged and security stations established along the water routes complemented by routine supervision and patrol. The rail lines that linked agricultural and mining areas were also served by waterways all in the bid to ensure steady and uninterrupted movement of products to the seaports, in turn for export to Europe.

A critical study and analysis of FDI in Nigeria before the introduction of the Babangida initiatives between 1985 and 1993 would be incomplete without a thorough examination of the colonial processes, policies and laws that were meant to attract and stimulate FDI. This will provide the necessary background for an understanding of the growth and stimulation of FDI in contemporary Nigeria. Second, a historical examination of FDI in Nigeria is as well important in the understanding of FDI trends, and understanding of which is important for the purpose of building meaningful generalization.

The commencement of the exercise is better accomplished when we shift the focus of analysis to the British colonial administration of Nigeria. A study of the British colonial administration in Nigeria will reveal what the processes, policies and laws were. The analysis of the British colonial administration will however, be linked to the analysis of the growth and development of FDI in Nigeria. The revocation of the charter of the Royal Niger Company paved the way for direct British administration in Nigeria. It is important to note here that any analysis of the British colonial administration of Nigeria will only be superficial, incomplete and vague if one fails to first examine what Perham (1937) referred to as "native administration". In fact, it is only when "native administration" is properly studied, examined and analyzed before concrete appreciation can be made of the colonial processes, policies and laws that have aided the growth and development of FDI in Nigeria.

"Native administration", in simple language and expression, means ruling or administering through the natives. In this case, it means the processes by which the British ruled the various social formations of Nigeria through the existing pre-colonial native authorities and institutions. Lord Lugard, the pioneer of this style of administration, no doubt had his experience in East Africa and Asia, in particular India. It can as well be described as indirect rule. So, what is the foundation of indirect rule in Nigeria? What processes, policies and laws were contained in it that facilitated the growth and development of FDI? Northern Nigeria is generally considered as the foundation of indirect rule in Nigeria. What this means is that it was in the North that indirect rule was first introduced and from there it spread to other parts of Nigeria with different degrees of success. What actually brought it about? What were its policy elements? How were they implemented and what purpose did the policy serve? These are no doubt critical and valuable questions for the ongoing research.

The literature is replete with explanations of the factors that made indirect rule inevitable. Perham (1937) Okonjo (1974), Abubakar (1980), Tamuno (1980), among others, have comprehensive documentation and analyses of these factors. Lugard (1922) himself gave a comprehensive account of these factors and the imposing realities that made indirect rule necessary and expedient then. However, there is an interesting area of the analyses of the factors which this work must point attention to if it is to have any claim to originality and contemporary relevance. Before this area of research attention will be identified and justification made for its contemporary epistemological relevance, there is the compelling need to restate here, no matter how briefly, the thesis which is being advanced in the present study. Political liberalization, it is here argued, is not a sufficient precondition for the stimulation of FDI. This is the focus of the argument and thesis of the study. In relation to the subject of discussion and analysis, what this means is that Lord Lugard found in existence, especially in Northern Nigeria, some underlying conditions and factors which made indirect rule inevitable, and which were also important for the purpose of achieving the objective of colonial rule or colonialism. These conditions and factors later contained the basis upon which the policy elements of indirect rule were built. Influential research works have not only neglected this area of study, they have equally failed to investigate and analyze the theoretical and empirical relationships between these factors and the growth and development of FDI in Nigeria. This explains the focus of, and the need for, the present research attention on the relationship between the colonial processes, policies and laws and the development of FDI in Nigeria.

According to Perham (1937: 42): "The occupation of Northern Nigeria was carried out in a very different manner from that of the South. In place of the reluctant, uncertain, and rather haphazard penetration of the coast, we have the confident and rapid action which in three years put the whole country into British hands". She continues "…the High Commissioner was not in a position to take over the direct administration of this immense area. He had neither the money, the staff, the communication, nor the knowledge of the character and customs of the people without which an effective administrative grasp is impossible" (Ibid: 43). What these observations indicate is that certain things were peculiar to Northern Nigeria which made British annexation and formal establishment of colonial rule easier. The fact also that most of the foreign investment in Nigeria then under the various rival European companies concentrated in this area using the Benue and Niger confluence at Lokoja as the point of entry and coordination further attests to this. However, beyond these circumstantial factors, there was also a factor which in turn formed an essential component of British administration of the oversea territories. In the words of Perham (1937: 44): "The early reports and instructions exhibit the indirect rule and method not merely as a temporary expedient *but as a considered and essential principle of government.* (my emphasis).

Now, what were the processes of British colonial administration that aided the growth and development of FDI in Nigeria? These processes of British colonial administration can be illustrated under the following points: (a) policy towards the Emirs, (b) the British understanding of justice and its administration in Northern Nigeria, and (c) the system of organized taxation. Lord Lugard created, nurtured and developed the impressions in the Emirs that they were actually in control of their administration through this open (though deceptive) fraternal dealings. He was quoted to have declared that "…the system of rule was essentially one and one only, in which each of us, as subjects of His Majesty, bore our respective parts and carried out that portion of the work which might be assigned to us" (Ibid: 48). And this is to be done by developing their interests (Emirs' interests) in the scheme of government. According to Lord Lugard: "Our object should be to give them an interest and an object beyond the routine performance of their duties, to interest them in the scheme of government, to teach them to recognize the new order of things, to show them common interests, to engage their sympathies in our efforts for secular education and to promote a legitimate rivalry in civilized progress and even in sports" (quoted in Ibid: 48). Lord Lugard was quick to set up a Supreme Court, Provincial and Native Courts for the dispensation of justice especially in relation to offences committed against the specific laws of the Protectorate such as those triable under the "slavery" "liquor", "firearms", and "personation proclamations". The Provincial Courts dealt with cases of ordinary crime by natives. The Provincial Courts were in turn subordinate to the Supreme Court. The Supreme Court administered strict law. Finally, Northern Nigeria had in place a complex, yet very effective system of taxation which the British officials saw, appreciated and adopted. These were the Zakka (which the Holy Quran recognized for charitable purposes); the jangali or cattle tax; and special taxes by professionals such as craftsmen, butchers, dyers, prostitutes, and dancing girls. There were also tolls on the caravan routes and market fees". It was the custom for all men visiting their superior to bring a gaisua, or present" (Ibid: 51).

The above three elements of the indirect rule or native administration provided the enabling environment and fertile ground for the achievement of the overall objective of colonialism. Colonialism, contrary to official claim, was not a "civilizing mission", per se. The deliberate policy of according the Emirs their rightful places in the "native administration", the institutionalization of a conception of justice whose intention was to replace "might is right" with a system of orderliness, were political and administrative processes of encouraging the inflow of FDI in Nigeria. Initially, the processes, actions and initiatives that led to the 1885 Berlin Conference were not very encouraging, especially for the existing rival companies in the Niger/Benue Confluence, and for the intending companies from Europe, in particular the United Kingdom; the outcome of the Conference however, provided the impetus for the inflow of foreign investment.

Apart from the above examined colonial processes of British administration of Nigeria, what other specific policy measures encouraged the inflow of FDI in Nigeria? It has become important to explain the intertwined relationship between these policy measures and the various colonial laws. What this by implication suggests is that it might be difficult examining these policy measures in isolation without considering them alongside the laws that established them. It has also become important to note that the colonial policy measures that were for instance meant to promote external trade, were also measures aimed at stimulating FDI into the various sectors of the colonial Nigerian economy whose existence was for the purpose of exporting raw materials to the industries in European countries. Specifically, measures that were meant to promote external trade equally were measures at facilitating FDI in the areas of export promotion which included: (a) ensuring standard in the quality of produce, and (b) entering into favourable trade agreements with other countries of the world. In 1889, the first ordinance prohibiting the adulteration of produce and trade in adulterated goods was passed in the Colony of Lagos. As monitoring later proved ineffective, the law was amended leading in turn to the passage of Produce Regulations of 1926 and 1928. Crops affected were principally palm-oil and cocoa. And for cotton, the Cotton Regulation of 1935 restricted the right of buying cotton to licensed dealers, emphasizing also that the buying must be carried out in defined markets. Ginneries, it further provided, must also be licensed. Together with other Empire producers, Nigeria received preferential treatment for its products in the United Kingdom. Nigeria was, and according to Leubuscher (1947: 139) "…mainly interested in the United Kingdom's importation, free of duty, of oil-palm products and groundnuts from the Empire and in the preferential rate of cocoa under the Revenue Duties Act". The position of Empire oil produce was in turn "…protected by duties which are levied in the United Kingdom in competitive products of non-British origin – Soya-bean oil, linseed and linseed oil" (Ibid: 139).

The ongoing analyses have revealed the role of the colonial processes, policies and laws in the growth and development of FDI in Nigeria. Beyond its importance for the present study as already intimated, the analyses provided very insightful information about the colonial operations and management of the Nigeria economy. First, the motive of colonial rule and of colonialism was concealed. Processes, policies and laws were made and initiated as if they were meant at helping or developing Nigeria, but were, critically speaking, for the purpose of supplying the home industries with the much needed raw materials for their industrial growth and development. Second, foreign investment was only encouraged and facilitated in the areas that were of need to the colonialists and not necessarily for the development of the colonial economy. This explains why most FDI lacked both forward and backward linkage principles. Every foreign investment was for the purpose of export which was however counteracted by the massive imports of plants and machineries thereby both increasing and sustaining the contemporary massive capital outflows, leading in turn to crisis in Nigeria's balance of payments accounting system.

Beyond a critical examination of the processes, policies and laws that were meant to attract and stimulate FDI in Nigeria under colonial rule as accomplished above, it will as well serve the purpose of the present study if the sectoral patterns of investment and nationalities of companies are equally critically examined and analyzed. It is apt to then ask: What were the patterns of FDI in Nigeria between 1900 and 1959? How can the patterns be explained? What role did the British colonial policy play in the analysis of the patterns? What differences and distinctions exist between the previous patterns and the present one? How can these patterns be described? Put differently, what were the immediate patterns of sectoral allocation of FDI in Nigeria? How can this pattern be described? What explanatory factors can be held accountable? What analytical indices can be invented for the purpose of the description? How scientific and objective can the exercise be?

To begin with, a point needs be recognized. Any analysis of the sectoral patterns of FDI in Nigeria, either now or during the period of reference (i.e. 1900 and 1959), should first examine or focus on what the nature of economic activities of contemporary Nigeria is, or colonial Nigeria was. For the purpose of this subject of the study, the question can be specifically asked: what was the nature of economic activities in Nigeria between 1900 and 1959? The economic activities, in line with the British philosophy and purpose of colonialism, focused essentially on extractive and distributive (trade) industries. Banking can arguably be subsumed under distributive trade. As the colonial intention or objective was economic, the abolition of trade in men and the inevitable change to ‘legitimate trade’, meant that efforts and energies should be refocused and redirected. The nature and characteristics of the extractive industries require instant clarification before any analysis is further proceeded here. Extractive industries can be grouped into two: (a) those dealing with the processing of agricultural materials, and (b) those dealing with the prospecting, and exploitation of minerals in general terms.

Shortly before the 1885 Berlin Conference, the entire Oil Rivers Protectorate boomed in trade in palm oil and kernel products. Through local enterprises and the colonial government investment in oil palm plantation and research, the volume of palm oil and palm kernels progressively increased and their trade facilitated with the appointment of more local middle men, and with more interest shown in the trade by the foreign companies. In this category of agricultural-based extractive industries were also cocoa, groundnut, and cotton. Cocoa was largely produced in the South-west of Nigeria and efforts were made to classify them into ‘grades’. Groundnut and cotton were produced mainly in the North, especially in Kano and Kaduna. For the second category of extractive industries, the focus was on mining. Tin, gold, columbite, wolfram and coal were the predominant solid minerals. Tin and columbite were in the Lokoja tinstone deposits of Jantar, Jos and Kagerko, with Jos having the largest deposits. Wolfram, which is used to strengthen iron, existed in big deposits of Kaleto, Lireui, the Rishi and Tongelo hills, Daga Allah, Gombe and Kwadokaya, all in the North. Initially, Gold was mined in Niger, Sokoto, Ilorin and Kabba before the outbreak of the Second World War in 1939. After the end of the war in 1945, large deposits were found and mined in Ife and Ilesa. Deposits of galena or silver or lead existed at Arafu, Akwana and Jebjeb in Benue and Abakaliki, but as reported by Bower they were not mined, Bower, (1947: 3).

Coal mining took place in the eastern provinces, especially along the eastern escarpment of the Dongo Ridge of Hills. In 1938, in the area so far prospected, the proved reserves amounted to 113,000,000 tons, while the possible reserves amounted to 400,000,000 tons (Ibid: 3). Mining of coal actually started in 1915 by the government colliery (Ibid: 3). Bower further estimated in 1936 that tin concentrates, gold, wolfram, columbite, silver, and lead, provided a total export value of £2,196,477 (Ibid: 4). Tin concentrates, according to him, had the highest value of £1,835,120 (Ibid: 4). As if to give legal backing to this sectoral pattern of investment, the first Minerals Ordinance of Nigeria was passed in 1902. There was also the Mineral Oil Ordinance of 1914. Exclusive prospecting licences were granted for areas between one and eight square miles in the case of metalliferous minerals and from a quarter to two square miles in the case of precious metals (Ibid: 7). Apart from the investment in the mining sector, there was also investment in the non-mining sector. A dominant sector of the non-mining sector between 1900 and 1959 was the distributive trade sector. In fact, the sector can be said to have attracted very great interests and investment for the following reasons. Distributive trade was generally considered to be much more profitable. It required not much specialized skills beyond basic knowledge of business administration and accounting skills which could be learnt on the job. Second, it required less sophisticated and costly machines. In the case of mining, specialized skills in geo-chemistry, geo-physics, and mining engineering were important and investment in human capital will have to be made first into them. Third, the geological survey of Nigeria was scanty and information broadly derived was not too reliable. Coupled with this, much area of Nigeria was still inaccessible with the exceptions of the coastal areas served by the river creeks. And, since investment is about economic returns, it was considered economically unwise to invest much in the mining sector.

Buying and selling in produce purposely for exports dominated the activities of the distributive trade sector. Textile materials, household equipment, industrial and plant machinery, etc., occupied significant components of imports. Alongside were also the development of banking activities, and Barclays Bank (now Union Bank) took the lead. The bank took great interest in financing exports and imports, not only in Nigeria but also along the coasts of West Africa. Mars (1947) classified the various companies operating in Nigeria during this period as European, Levantine and Indian. According to him, the term 'Levantine' was "…used to cover any native of the Levant i.e. those countries which are washed by the Eastern part of the Mediterranean and its contiguous water" (Ibid: 98). He continues: "Thus the term will be used here in rather wide sense to describe any one of the following nationalities: (1) Greek, (2) Cypriot, (3) Turkish, (4) Syrian, (5) Lebanese, (6) Palestinian, (7) Iraqi, (8) Arab from Arabia, (9) Armenian, (10) Egyptian, and (11) Sudanese". Relying on the information supplied by the Nigeria Handbooks for the years 1921, 1929, 1933 and 1936, J. Mars (1942: 49) hinted that out of the total firms of one 102 in the non-mining sector in 1921, the British firms were ninety-nine (99), and the French firms only three (3). In 1929, out of the total of ninety-one (91), British firms were sixty-nine (69), followed by the German firms of ten (10), and French firms, eight (8). Dutch, American and Czechoslovak firms were two, one, and one respectively (Ibid: 49). In 1933, out of the total operating firms of eighty-three (83), forty-five (45) were British; German, fourteen (14); French, nine (9); Greek, three (3); and others were Norwegian, Swiss, Indian, and Italian (Ibid: 49). Lastly, in 1936, out of the eighty-four operating firms, forty-three (43) were British: German, sixteen (16); French, eight (8); Dutch-German, three (3); Italian, four (4); and others were Indians, Swiss and Norwegians (Ibid: 49).

The big question now is: What were the explanatory and analytical factors that accounted for the dominance of British firms, in short, the over-dominance of European firms? These factors could be traced to the colonial origin and foundation of economic activities in Nigeria. The sudden influence of the British firms can be explained by the fact that the 1885 Conference gave the entire Benue-Niger confluence to Great Britain and also that Lever Brothers (a British firm) in 1920 paid £8,500,000 to purchase the assets of the Niger Company in 1920 (Ibid: 61). But to what extent should the analysis of the sectoral investment pattern in Nigeria between 1900 and 1959 be restricted to mining and distributive trade only? Does that mean that there were not investments in other sectors? Actually, there were investments in other sectors, especially manufacturing. According to Mars (1947), there was the West African Soap Company Limited, owned by Unilever and Lever Brothers, located in Apapa, Lagos and established in 1924. The company was again rebuilt in 1929 (Ibid: 60). There was also the British-American Tobacco Company in Ibadan. All these were manufacturing outfits. In literature was concentrated on two areas (i.e. mining and distributive trade) because of the negligible contribution of the manufacturing of soap and tobacco to the internally generated revenue of the British colonialists. The manufacturing sector was never considered in the two edited and highly celebrated volumes of the very outstanding consultant to the British Colonial Administration in the person of Margery Perham. The two edited volumes grew out of the broad study of the *Economics of a Tropical Dependency*.

What were the volumes of FDI in Nigeria between 1900 and 1959? How can the volumes be analyzed? What trend did the volumes exhibit within the period? What implication for the study of the period? Relying on the authoritative information provided by S. Herbert Frankel in his very influential book on this subject of investigation titled: *Capital Investment in Africa* published in 1938, Mars (1947) quoted Frankel to have estimated that between 1870 and 1936 total FDI in Nigeria amounted to £36,790,000 (Ibid: 53) Frankel, according to J. Mars further provided the following information:

	£
Public listed capital	34,721,000
Private listed capital	36,790,000
Non-listed capital	3,576,000
	75,087,000

Mars however hinted that Frankel never made provision for depreciation and that Frankel defined listed capital to "…refer to such issues to the general public as are listed on the Stock Exchange or in the financial press"; and that it comprised "…both equity and loan capital". He goes further: "The term "public capital" refers to public loans raised by the government and other public bodies and the term 'private capital' refers to capital raised by private business". He concludes; "All of this capital (except a small fraction which was advanced by the United Kingdom government) came from private investors, chiefly in the United Kingdom". In the figure provided for the private listed capital, J. Mars (1947: 53) further adds that it "…includes capital invested not only in Nigeria, but in other West African territories by such companies as John Holt and Co., African and Eastern Trade Corporation Ltd., and the U.A.C., etc".

The figures and information provided above, though generally regarded as the most authoritative in the literature, are however, not detailed, informative and reliable enough. Accepted that the concern here is on foreign private capital, the fact that the figure, £36,790,000, was meant for Nigeria and other unspecified "West African territories" limits its use for the purpose of analyzing FDI in Nigeria before 1960. Mars (1947: 54) also quoted the Commission on the Marketing of West African Cocoa to have estimated "…that the total capital expended in Nigeria by the existing trading firms was £13,000,000, of which 72 per cent, or about £9,400,000, was invested in produce business". The above is fraught with problems for the purpose of analysis. The expression "…by the existing trading firms…" was an ambiguous one. As the "trading firms" were not mentioned or their names and individual contributions tabulated, the much needed information for the purpose of focused and indepth analysis is absent. Second, the specific area of operation of each trading firm could also not be ascertained. Indepth and focused analysis requires that the area of operation of each trading firm be mentioned or specified and the overall contribution be reported. However, all of these were lacking.

All of the above have very serious implication on what the section is set out to achieve as hinted at the beginning of the section. Information on the volumes of FDI in Nigeria during the period (1900 and 1959) was generally scanty and lacks sufficient material for an indepth study and detailed analysis. As £36,790,000 was given in respect of total foreign private capital investment, important details were as well left-out especially in the area of composition. Notwithstanding, the figures quoted to have been provided by the Commission on Marketing of West African Cocoa was substantially informative enough. Among other useful information, the figures reaffirm the dominance of the "produce business" in foreign interests in Nigeria. This, apart from corroborating the popular point that colonialism came about to serve the needs of the industries in Europe following the Industrial Revolution, it also corroborates the fact that colonialism was purely for economic motive. Investors only invested in profitable or considered profitable businesses. As investment in "produce business" then was profitable, a large amount of foreign capital went into it. However, Akinsanya (2003: 3), hinted that: "Between October 1946 and March 1958, some 1,027 companies were registered in Nigeria compared to 182 companies registered in the previous decade." He continues: "More significant twenty six (26) industries were classified "pioneer" industries between 1955 and 1957 compared to one (1) industry granted "pioneer" status in 1955"

(Ibid: 33). At best this information only described in number and not in volumes the amount of FDI in Nigeria during the period of colonial rule up to the attainment of independence in 1960.

4.15 Data Presentation and Analysis: The Volume and Sectoral Allocation of FDI in Nigeria before the Introduction of the Babangida Initiatives II, 1960 - 1984

The purpose of the section is to examine the volumes and patterns of the whole processes of FDI in Nigeria before 1985. It is hoped that the approach will help provide a comparative view of the patterns and volumes of FDI in Nigeria before and after the designated period of study, 1985 to 1993. For the achievement of the stated purpose above, some questions have become pertinent to provide answers to. How should the volumes and patterns of FDI in Nigeria between 1960 and 1984 be presented? How can the choice of approach aid a comprehensive study and understanding of FDI in Nigeria during the period 1960 to 1984? How is the choice of approach related to the overall thesis that is being advanced? The above questions are no doubt indispensable to the research work. Answers to them (individually and collectively) will help to strengthen the thesis of the study. Overall, what we are interested in is the development of a comparative worldview sufficient enough to create and develop basis for generalization and possibly theory building. The entire period of the study and analysis of the volumes and patterns of FDI in Nigeria is sub divided in the following: 1960 to 1966; 1967 to 1970; 1971 to 1977; and 1978 to1984. They represent specific political developments in Nigeria between 1960 and 1984.

4.7.1 FDI in Nigeria During Parliamentary Democracy, 1960 – 1966

What connection exists between 'parliamentary democracy' and the inflow of FDI in Nigeria? What theoretical and empirical relationships exist between the flow of FDI and 'parliamentary democracy'? To what extent does the relationship provide an explanatory account of the flow of FDI in Nigeria? These are critical questions that will guide the analysis and presentation of the flow of FDI during the period, 1960 and 1966. It is useful to examine the nature of parliamentary democracy in Nigeria between 1960 and 1966. Before the attainment of independence in 1960, the various nationalists made promises in a bid to satisfy the mass of "rising expectations". The contest was between those in Government and the so-called Opposition, the parties in power and those that were not in power. Chief Obafemi Awolowo was the leader of Opposition not only in the House of Representatives, but in the real sense of providing a ready-made alternative viewpoint to those in power and government. Alhaji Tafawa Balewa was the leader of Government and Prime Minister, and Dr. Nnamdi Azikiwe (of the NCNC) serving as President in ceremonial capacity.

The connection between FDI and parliamentary democracy, both empirical and theoretical, can be demonstrated from an important issue of the time then, the issue of "nationalization". While Chief Awolowo, predictably, was in favour of 'democratic socialism'; Dr. Azikiwe was in support of 'fabian socialism'; and the Prime-Minister, Alhaji Tafawa Balewa, though capitalist, was more pleased with a 'mixed economy' type of social organization. These were thoughts that provided basis for party organization, campaign and elections at different times in Nigeria before the coup d'etat of January 1966. Shortly before independence in 1960, the various nationalists expressed the desire for the rapid economic development of Nigeria. Part of what led to the nationalist struggle, it is here recalled, was the domination of the "height of the economy" by either foreigners, or foreign economic interests, or the combination of both. Two key factors were responsible for this. First, the fact that Nigeria was under colonial rule meant that colonial policies were designed to favour the purpose of colonialism in the first instance. Second, the capital substantial enough to enable Nigerians invest in these capital-intensive and high-technology enterprises were simply not in existence.

To further compound the above, was the discriminatory operations of the two banks, the Bank of British West Africa and the Barclays Bank. Even though Nigeria had attained independence, political sovereignty cannot be said to have being fully conferred. The nationalists, who now became rulers at regional and federal levels, felt that the first assignment after the dethronement of colonial rule should now be economic empowerment and economic enthronement of themselves and their interests. Therefore, following the debate in the House of Representatives on the post-independence Federal Budget, two motions were moved. Chief Obafemi Awolowo, the Leader of the Opposition, on November 19, 1961 moved that: "This House approves in principle the nationalization of basic industries and commercial undertakings of vital importance to the economy of Nigeria" (cited in Akinsanya, 2003: 35). According to Akinsanya: "Specifically, Chief Awolowo advocated for the nationalization of all mining, merchant, marine, insurance, foreign-owned plantations, and "all pseudo-extractive and secondary industries like the timber and plywood industry" (Ibid: 35).

There was also a countermotion moved by Chief Okotie-Eboh, Federal Minister of Finance and Leader of Government Business in the House of Representatives, to the effect: That this House (1) resolves that the nationalization of industries and commercial undertaking beyond the extent to which public utilities, …are already nationalized is not in the best overall interest of Nigeria (2) welcomes the review of company and other legislation now being carried out by the Federal Government and other measures to ensure that such undertakings are conducted in the best interests of Nigeria (3) welcomes the increasing participation by Nigerians in the ownership and direction of such undertakings and (4) deplores irresponsible statements on nationalization which have recently been made in Nigeria and overseas (cited in Akinsanya, 2003: 36). The two opposing motions provided the thoughts, frameworks and angles of assessments and contributions to the nationalization debate in the House of Representatives. As earlier hinted, the debates were selfishly inspired. This is reinforced in the argument of Chief Akin-Olugbade, Chief Whip to the Opposition in the House of Representatives when he was quoted to have said: "…There will …be no need to nationalize if the economy is in the hands of the indigenous Nigerians" (Ibid: 36) Between 1960 and 1966, FDI in Nigeria was no doubt shaped by the character and nature of happenings or events in the then Parliament.

4.7.2 Flow of Foreign Capital by Origin, 1961 – 1966

TABLE ONE
FLOW OF FOREIGN PRIVATE CAPITAL BY ORIGIN
(£N's million)

Country/region of origin	Inflow	Outflow	Net flow (inflow = + outflow = -)
United Kingdom			
1961	16.4	2.6	+13.8
1962	8.4	5.5	+2.9
1963	22.9	5.9	+17.0
1964	49.7	21.7	+28.0
1965	52.8	31.8	+21.0
1966	50.5	24.9	+25.6
United States			
1961	7.2	1.3	+5.9
1962	4.5	0.5	+4.0
1963	6.7	1.3	+5.4
1964	16.4	1.4	+15.0
1965	19.8	1.1	+18.7
1966	8.1	0.9	+7.2
Western Europe (excluding U.K)			
1961	6.8	0.9	+5.9
1962	7.6	0.7	+6.9
1963	14.4	1.0	+13.4
1964	18.1	2.8	+15.3
1965	23.9	13.1	+10.8
1966	23.7	10.1	+13.6
Others (specified)			
1961	1.7	-	+1.7
1962	4.4	0.5	+3.9

1963	2.2	0.1	+2.1
1964	6.8	2.1	+4.7
1965	6.5	1.8	+4.7
1966	4.6	1.6	+3.0
Total			
1961	32.1	4.8	+27.3
1962	24.9	7.2	+17.7
1963	46.2	8.3	+37.9
1964	91.0	28.0	+63.0
1965	103.0	47.8	+55.2
1966	86.9	37.5	+49.4

Source: CBN, *Economic Financial Review*, Vol. 6, No. 2, December 1968

Table One above presents in figures the flow of foreign capital by origin in Nigeria between 1961 and 1966. It indicates an inflow from the United Kingdom for example, of £16.4 million in 1961; £8.4 million in 1962; £22.9 million in 1963; £49.7 million in 1964; £52.8 million in 1965; and £50.5 million in 1966. The figures are indeed remarkable. Among others, the figures show that inflow increased consistently from the initial substantial sum of £8.4million in 1962 to £52.8 million in 1965, and dropped marginally to £50.5 million in 1966. It shows further that United Kingdom's outflows as well increased consistently along the same pattern. Overall, netflows are however, impressive and encouraging. From small positive figure of £+2.9 million in 1962, net-inflows increased to £+28.0 million in 1964, suffered decline in 1966 to £+21.0 million, only to again increase to £+25.6 million in 1966.

In the case of the United States, inflow falls from the initial £7.2 million in 1961 to £4.5 million in 1962, increased later to £6.71 million in 1963 and further to £16.4 million and £19.8 million in 1964 and 1965 respectively. It significantly falls to £8.1 million in 1966. Outflows are negligible and yet counter-balanced by the impressive net-flows of £+15.0 million in 1964, increasing further to £+18.7 million in 1965 and dropping drastically to £+7.2 million in 1966. Inflow from Western Europe (excluding U.K) increased consistently in 1961 from the initial £6.8 million to £7.6 million in 1962, and from £18.4 million in 1964 to its peak of £23.9 million in

1965. It however, falls marginally to £23.7 million in 1966. Even though outflows reflected the same pattern of increase, the net-flows are sufficient to counter any deficits. For Others (unspecified), the volume of inflow indicates a general pattern of rise and fall which happened twice in 1961 and 1963, and in 1964 and 1966. As for the grand total, apart from the initial drop from £32.1 million in 1961 to £24.9 million in 1962, it increased consistently up to the recognizable mark of £103.0 million in 1965 before again dropping to £86.9 million in 1966. The total net-inflows also followed similar pattern from the initial drop to £+17.7 million in 1962, it increased to £+37.9 million in 1963 up to its peak of £+63.0 million in 1964, falling again to £+55.2 million in 1965 and £+49.4 million in 1966. The table confirmed, among others, the dominance of the United Kingdom and United States in the volume of FDI in Nigeria. All the figures exhibited the same pattern when graphically plotted.

4.7.3 Components of Net Foreign Capital by Country, 1961 – 1966

TABLE TWO
COMPONENTS OF NET FOREIGN CAPITAL BY COUNTRY

Component	United Kingdom	United States	Western Europe (excluding U.K)	Others (unspecified)	Total
UNREMITTED PROFITS					
1961.. ..	+1.8	+0.5	+0.3	+0.1	+2.7
1962.. ..	+7.1	+0.2	+0.4	+0.2	+7.9
1963.. ..	+10.0	+0.2	+2.6	+0.6	+13.4
1964.. ..	+11.6	+0.4	+4.3	+1.5	+17.6
1965.. ..	+25.2	+0.4	+10.6	+1.6	+17.5
1966.. ..	+38.9	+2.3	+17.0	+1.3	+59.5
CHANGES IN FOREIGN SHARE AND LOAN CAPITAL					
(net)	+5.9	+0.4	+2.4	-	+8.7
1961.. ..	+2.4	+1.4	+1.1	-	+4.9
1962.. ..	+6.9	+0.2	+2.4	+1.0	+10.5
1963.. ..	+14.4	+0.1	+5.9	+0.4	+20.8
1964.. ..	+1.1	+0.1	+0.9	-	+2.4
	+0.1	+0.7	+0.2	-0.4	+1.4

1965.. .. 1966.. ..					
TRADE AND SUPPLIERS' CREDIT (net) 1961.. .. 1962.. .. 1963.. .. 1964.. .. 1965.. .. 1966.. ..	+1.1 +0.4 +0.1 +0.5 +0.4 +0.6	+0.6 +0.2 +0.3 +2.2 +2.6 +0.4	+0.2 +0.4 +1.1 +0.5 +1.5 +0.2	+0.4 +2.1 +0.3 +1.1 +0.3 +0.2	+2.3 +2.3 +1.5 +4.6 +4.5 +1.4

Source: CBN, *Economic Financial Review*, Vol. 6, No. 2, December 1968

As indicated in Table Two above, the components of net foreign capital by country for the period (1961 – 1966) are classified as 'unremitted profits', changes in foreign share and loan capital (net)', trade and suppliers' credit (net), 'other foreign liabilities (net)', and 'liabilities to head offices'. The ground total for all the items is also provided at the bottom of the table. Unremitted profits of the United Kingdom alone surpassed every other country's unremitted profits, and in grand total in 1961 for instance. Altogether the unremitted profits of other countries give a figure of £+0.9 million, with that of the United Kingdom standing uniquely to the tune of £+1.8 million and with a percentage of over 66.6 percent in 1961. It exhibited the same pattern of remarkable increase from the 1961 figure, through 1963 to 1966, ditto for changes in foreign share and loan capital between 1961 and 1966 with recognizable competition in trade and suppliers' credit (net) in the various years.

The United States exceeded other countries put together as it recorded increases of £+2.2 million and £+2.6 million in both 1964 and 1965 before falling to £+0.4 million in 1966. Also, the United States maintained a leading edge in liabilities to head offices throughout the years, between 1961 and 1966. From the initial £+2.3 million in 1961 it increased to £+3.7 million, £+4.6 million, £+12.0 million and £+14.8 million in 1962, 1963, 1964 and 1965, before falling to £+3.5 million in 1966. The grand total of all the components fell from the £+27.3 million in 1961 to £17.7 million in 1962, increased to £+37.9 million 1963, further to £+63.0 million in 1964, dropping sharply to £+55.2 million in 1965, and further down to £+49.4 million, in 1966.

4.7.4 Cumulative Foreign Investment by Origin, 1962 - 1966

TABLE 3
CUMULATIVE FOREIGN PRIVATE INVESTMENT IN NIGERIA BY COUNTRY OR REGION OF ORIGIN
(£Ns million)

Country of origin	Paid-Up Capital Including Reserves[1]	Other Liabilities[2]	Total	Percentage Distribution of Total	Investment in Fixed Assets[3]	Percentage Distribution of Total
United Kingdom						
1965	184.8	186.2	371.0	52.4	327.6	56.0
1966	214.8	159.4	374.2	51.0	340.8	52.0
1967	219.0	147.0	366.0	47.1	360.6	52.9
1968	250.4	156.4	406.8	47.9	401.6	56.3
1969	261.0	136.0	397.0	45.0	476.5	56.2
1970	272.6	171.8	444.4	44.0	224.8	31.6
United States						
1965	13.6	102.8	116.4	16.5	78.2	13.4
1966	15.6	111.2	126.9	17.3	112.8	17.0
1967	17.2	166.0	183.2	23.6	122.8	18.0
1968	18.4	183.2	201.6	23.7	141.6	19.8
1969	19.0	184.6	203.6	23.1	168.2	19.9
1970	26.2	203.8	230.3	22.9	289.0	40.6
Western Europe (excluding U.K)						
1965	57.6	101.2	158.8	22.4	132.4	22.6
1966	71.4	94.0	165.4	22.5	147.6	22.0
1967	72.8	92.0	164.8	21.2	171.8	25.2
1968	75.6	95.0	170.6	20.1	135.0	18.9
1969	89.8	105.4	195.2	22.2	160.4	18.9
1970	103.4	121.4	224.8	22.4	130.6	18.3
Others						
1965	29.0	32.2	61.2	8.7	47.2	8.1
1966	32.4	34.8	67.2	9.2	50.0	7.1
1967	33.2	29.8	63.0	8.1	26.8	3.9
1968	40.4	30.6	71.0	8.3	35.6	5.9
1969	51.2	36.6	85.8	9.7	42.5	5.0
1970	66.0	38.0	104.0	10.4	68.0	9.5
Total						
1965	283.0	422.4	707.4	100.0	585.4	100.0

1966	334.2	393.4	733.6	100.0	651.2	100.0
1967	342.2	434.5	777.0	100.0	682.0	100.0
1968	384.9	465.2	850.0	100.0	713.8	100.0
1969	421.0	460.6	881.6	100.0	847.6	100.0
1970	468.2	535.2	1003.2	100.0	712.4	100.0

1. Excludes undistributed profits of oil prospecting companies
2. Other liabilities include components of trade and suppliers credit, other foreign liabilities and liabilities to Head Office by foreign companies operating in Nigeria.
3. This represents the book value of Fixed Assets, i.e. at cost less cumulative depreciation.

Source: CBN, *Economic and Financial Review*, Vol. 11, No. 1, June 1973

Table Three above provides information with respect to cumulative foreign investment in Nigeria between 1962 and 1966. It also provides information on the percentage distribution of total. The information in cumulative foreign investment is divided into two i.e. the paid-up capital including reserves and other liabilities with their total on the left side of the specific country/region of origin, and the percentage of distribution of total and investment in fixed assets and their percentage distribution of total on the right hand side of the table. The grand total is as well provided at the bottom of the table. The country/region of origin, as usual, is the traditional sources of FDI in Nigeria: United Kingdom, United States, Western Europe (excluding United Kingdom), and others (unspecified). The total of the paid-up capital including reserves and other liabilities of the United Kingdom increased from £135.6 million in 1962 to more than double in the years later: £150.6 million in 1964; £120.6 million in 1965; and £227.2 million in 1966. The whole of Western Europe (excluding United Kingdom) was however, a paltry of £46.8 in 1962, £60.2 million in 1963, £75.5 million in 1964, £86.3 million in 1965 and £99.9 million in 1966.

For investments from the United States, the total paid-up capital including reserves and other liabilities increased marginally (in comparison with that of the United Kingdom) from the initial £19.4 million in 1962 to £24.8 million in 1963, £39.8 million in 1964 and £58.5 million and £65.7 million in 1965 and 1966 respectively. The percentage distribution was in favour of the

United Kingdom, though declining from the initial 61.4 percent in 1962 to 59.0 percent in 1963, and further to 56.1 percent, 53.5 percent and 53.3 percent in 1964, 1965 and 1966. Investment in fixed assets as well was in favour of the United Kingdom as the investment increased consistently from £104.8 million in 1962 to £116.5 million in 1963, further to £162.2, £163.8 million and £170.4 million in 1964, 1965 and 1966.

4.7.5 Cumulative Foreign Investment Analyzed by Type of Activity, 1962 – 1966

TABLE 4:

CUMULATIVE FOREIGN INVESTMENT BY ORIGIN (£Ns million)

Country/region of origin	Paid-Up Capital Including Reserves	Other Liabilities	Total	Percentage Distribution of Total	Investment in Fixed Assets[2]	Percentage Distribution of Total
United Kingdom						
1962	47.8	87.8	135.6	61.4	104.8	66.9
1963	65.2	87.4	152.6	59.0	116.5	66.2
1964	82.2	93.4	180.6	56.1	162.2	57.9
1965	112.2	89.4	201.6	53.5	163.8	56.0
1966	141.2	86.0	227.2	53.3	170.4	52.0
United States						
1962	0.2	19.2	19.4	8.7	15.0	9.6
1963	0.6	24.2	24.8	9.6	14.3	8.1
1964	6.3	33.5	39.8	12.4	32.7	11.7
1965	7.0	51.5	58.5	15.5	39.1	13.4
1966	4.4	61.3	65.7	15.4	56.4	17.0
Western Europe (excluding U.K)						
1962	12.0	34.8	46.8	21.2	19.7	12.6
1963	15.9	44.3	60.2	32.2	36.6	20.8
1964	24.2	51.3	75.5	23.5	63.6	22.7
1965	38.3	48.0	86.3	22.9	66.2	22.6
1966	47.4	52.5	99.9	23.4	73.8	22.0
Others (unspecified)						
1962	9.2	9.9	19.1	8.7	17.2	11.0
1963	11.3	9.9	21.2	8.2	8.5	4.8
1964	12.9	3.0	25.9	8.0	21.7	7.7
1965	21.7	8.9	30.6	5.1	23.6	8.1
1966	16.1	7.5	33.6	7.9	25.0	7.1
Total						
1962	69.2	151.7	220.9	100.0	156.7	100.0
1963	93.0	165.5	258.8	100.0	176.0	100.0

1964	125.6	96.2	321.8	100.0	280.2	100.0
1965	179.2	197.8	377.0	100.0	292.7	100.0
1966	209.1	217.3	426.4	100.0	325.6	100.0

Note: The Figures relate to companies wholly or largely owned by foreign companies or non-residents, but without distribution between residents and non-residents.

1. Cumulative foreign investment for 1963 – 1965 in the previous report has been revised.
2. Fixed assets net of depreciation allowance in 1962 and 1965.

Source: CBN, *Economic and Financial Review*, Vol. 6, No. 2 December 1968.

In Table Four above, economic activities in Nigeria during the period, 1962 to 1966, are divided into mining and quarrying; manufacturing and processing; agriculture, forestry and fishing; transport and communications; building and construction; trading and business services; and miscellaneous activities. In 1962, when compared with other sectors of the Nigerian economy, trading and business services attracted the highest cumulative investment of £84.9 million, followed by mining and quarrying which attracted £81.0 during the same year. In 1965 however, mining and quarrying attracted total cumulative investment of £164.7 million leaving the trading and business services sector to a second position of £92.8 million. Total cumulative investment between 1962 and 1966 in agriculture, forestry and fishing, and in transport and communications is skeletal. Investment in building and construction is fairly substantial; from £8.5 million in 1962 it increased consistently until it reached £20.1 million in 1965, but falls sharply to £9.5 million in 1966.

With the exception of mining and quarrying where the total investment in 1966 reaches £212.5 million, investment in other sectors during the same year i.e. 1966 decreases drastically. From the 1966 figure of £74.5 million in the manufacturing and processing, it falls to a low-level of £9.5 million in building and construction, £6.5 million in transport and communication, and £4.8 million in agriculture, forestry and fishing. Interestingly, total investment in trading and business services increases to £105.8 million. Explanatory factors remain likely the foundation of the colonial interest in the Nigerian economy and all the political events enveloping the country then such as the Western region election crisis, the census crisis, the allegation of treasonable felony, among others, all leading to the commencement of the civil war in the following year, 1967.

4.7.6 FDI in the Civil-War Years, 1967 - 70

Was there any FDI in Nigeria during the civil war years? If so, what was its nature? What was its volume? What sectors of the Nigerian economy were the investments concentrated? Were there any relationships between the investments and the prosecution of the war? To begin with, the source of information which is used for the ongoing presentation and analysis has some inadequacies. According to a Report of the Central Bank of Nigeria (1971: 5),: "Owing to the civil war in the country during the period, all foreign private companies operating in the three eastern states did not come within the purview of the survey". The Report continues: "Moreover, data relating to some establishments located in the eastern states but with head offices outside them were obtained from their head offices (Ibid: 5). This, in the opinion of the Bank,: "…meant that about 9 percent were not reported". (Ibid: 5). The Report however concludes: "…it was felt that maintaining the 1966 data for the East in the 1967 – 1968 series will not distort the series significantly". (my emphasis) (Ibid: 5) FDI in Nigeria during the period of the study is hereby presented.

4.7.7 Flow of FDI by country or Region of Origin, 1965 - 1970

TABLE FIVE
CUMULATIVE FOREIGN INVESTMENT IN NIGERIA ANALYSED BY TYPE OF ACTIVITY A/
(£Ns million)

Type of activity	Paid-Up Capital Including Reserves	Other Liabilities	Total	Percentage Distribution of Total	Investment in Fixed Assets	
					Actual	Percentage of total
Mining and	15.2	65.8	81.0	36.7	65.0	41.5

quarrying	23.1	70.4	93.5	36.1	75.6	43.0
1962	43.2	85.8	129.0	40.1	146.2	52.2
1963	76.3	88.4	164.7	43.7	144.1	50.9
1964	106.5	106.0	212.5	50.8	223.9	68.8
1965						
1966						
Manufacturing and processing						
1962	20.3	18.0	38.3	17.3	39.0	24.9
1963	24.2	25.1	49.3	19.1	46.5	26.4
1964	28.2	30.4	58.6	18.2	63.5	22.7
1965	44.1	25.4	69.5	18.5	81.9	26.4
1966	46.9	27.6	74.5	17.5	85.7	26.3
Agriculture, forestry and fishing						
1962	3.6	0.7	4.3	2.0	6.1	3.9
1963	3.6	1.3	4.9	1.9	5.0	2.8
1964	3.9	1.5	5.4	1.7	5.9	2.1
1965	5.1	0.5	5.6	1.5	5.8	2.1
1966	3.6	0.2	4.8	1.1	8.7	2.7
Transport and communications						
1962	0.5	1.0	2.4	1.1	1.5	1.0
1963	1.5	1.1	2.6	1.0	2.6	1.5
1964	2.1	1.4	3.5	1.1	3.0	1.1
1965	4.0	1.8	5.8	1.5	5.7	2.1
1966	4.1	2.4	6.5	1.5	4.9	1.5
Building and construction						
1962	3.7	4.8	8.5	3.8	4.9	3.1
1963	4.9	6.0	10.9	4.2	7.5	4.3
1964	5.2	7.1	12.3	3.8	8.2	2.9
1965	4.4	15.7	20.1	5.3	5.1	1.8
1966	4.0	5.5	9.5	2.2	4.9	1.5
Trading and						
business	24.7	60.2	84.9	38.4	39.7	25.4
1962	35.0	61.4	96.4	37.2	37.0	21.0
1963	40.5	60.7	101.2	31.4	47.5	16.9
1964	39.7	53.1	92.8	24.0	45.4	15.0
1965	40.0	65.8	105.8	24.8	42.2	13.0
1966						

Source: CBN, *Economic and Financial Review* Vol. 6 No 2 December 1968

TABLE FIVE (cont'd)
FLOW OF FOREIGN PRIVATE CAPITAL BY COUNTRY OR REGION OF ORIGIN
(Ns million)

Country/region of origin	Inflow (1)	Outflow (2)	Net flow (inflow = +; Outflow = -) (1 – 2)
United Kingdom			
1965	85.0	63.6	+21.4
1966	53.0	49.8	+3.2
1967	53.4	41.6	+8.2
1968	68.0	27.2	+40.8
1969	36.2	46.0	+9.8
1970	94.6	47.2	+47.4
United States			
1965	39.0	2.2	+36.8
1966	12.2	1.8	+10.4
1967	59.4	3.0	+56.4
1968	18.8	0.4	+18.4
1969	56.2	54.2	+2.0
1970	74.6	48.2	+26.4
Western Europe (excluding U.K.)			
1965	39.0	26.2	+12.8
1966	26.8	20.2	+6.6
1967	9.8	10.4	+0.6
1968	11.6	5.8	+5.8
1969	39.4	14.8	+24.6
1970	58.0	28.4	+29.6
Others			
1965	13.0	3.6	+9.4
1966	9.2	3.2	+6.0
1967	4.4	8.6	-4.2
1968	8.0	-	+8.0
1969	18.8	4.0	+14.8
1970	23.8	5.6	+18.2
Total			
1965	176.0	95.6	+80.4
1966	101.2	75.0	+26.4
1967	107.0	63.6	+43.4
1968	106.4	33.4	+73.0
1969	150.6	119.0	+31.6
1970	251.0	129.4	+121.6

Excludes undistributed profits for oil prospecting companies
Source: CBN, *Economic and Financial Review* Vol. 11 No 1 December 1973

Table Five above provides information on FDI in Nigeria between 1965 and 1970 by country or region of origin. Inflow from the United Kingdom declines abruptly from N53.0 million in 1966 to N33.4 million in 1967, only to rise dramatically to N68.0 million in 1968 (a year into the commencement of the war) and later falls to N36.2 million in 1969 and to again increase to unimaginable N94.6 million in 1970. Explanatory factors are likely the atmosphere of political events from 1962 up to 1966. This perhaps explain the sudden drop to N33.4 million in 1967 from the initial investment of N53.0 million in 1966. The increase in investment in the years 1968 and 1970 can be explained partly from the indication that the war was "almost over", and partly by the aggressive campaigns of the Federal Government of Nigeria under the managerial tutelage of Chief Obafemi Awolowo who was the then Federal Minister of Finance.

Investment from the United States increases from as low as N12.2 million on the eve of the outbreak of the war in 1966 to N59.4 million in 1967 when the war actually started. The investment however, declines abruptly to N18.8 million in 1968 and again rises to N56.2 million in 1969 and N74.6 million in 1970. American investors can be said to be monitoring the war with the intention of using the opportunity to challenge the dominance of U.K. investors and their hold on the Nigerian economy. They were at the same time being cautious of the romance of the Nigerian government with the then Eastern bloc for the supply of equipment to prosecute the war. Investment from Western Europe (excluding U.K.) during the war was however, low as it was not unlikely that investors from this region of the world were wary of investing in Nigeria. Investment from Western Europe was to only increase significantly in 1970 to N58.0 million after the war ended. It is important to note that the volumes and sectoral allocation of FDI in Nigeria during the civil war years reflected the strategy of the Federal Government to ensure that other areas of Nigeria (with the exception of the South-East) are kept out of the ravaging effects of the war, and hence not affected by the existing pattern of the integration of Nigeria into the international political economy.

4.7.8 Components of Net Capital Flow by Origin, 1967 - 1970

TABLE SIX
COMPONENTS OF NET FOREIGN CAPITAL BY COUNTRY
(£N's million)

COMPONENT	United Kingdom	United States	Western Europe (excluding UK)	Others (unspecified)	Total
UNREMITTED PROFITS					
1965	+29.8	+0.8	+12.4	+3.2	+46.2
1966	+29.8	+0.6	+13.4	+2.6	+46.4
1967	+1.4	+1.0	+1.2	+0.8	+4.4
1968	+25.2	+0.8	+1.8	+5.2	+33.0
1969	+11.0	+2.0	+7.0	+5.0	+25.0
1970	+14.2	+6.6	+8.0	+8.8	+37.6
CHANGES IN FOREIGN SHARE AND LOAN					
CAPITAL (net)	+2.2	+0.2	+1.8	-	+4.2
1965	+0.2	+1.4	+0.4	+0.8	+2.8
1966	+2.8	+0.6	+0.2	-	+3.6
1967	+6.2	+0.4	+1.0	+2.0	+9.6
1968	-0.4	-1.4	+7.2	+5.8	+11.2
1969	-2.6	+0.6	+5.6	+6.2	+9.8
1970					
TRADE AND SUPPLIERS' CREDIT					
(net)	+0.8	+5.2	+3.0	0.6	9.6
1965	+1.2	+0.8	+0.4	0.4	2.8
1966	+3.4	+26.0	+1.0	0.2	30.6
1967	+7.2	0	+1.6	0.6	15.4
1968	+9.2	+22.0	+15.4	4.8	51.4
1969	+16.0	+28.6	+12.6	5.2	62.4
1970					
OTHER FOREIGN LIABILITIES (net)					
1965	-2.0	+1.0	-2.6	+4.8	+1.2
1966	+0.8	+0.6	+3.8	+2.0	+7.2
1967	+4.8	+5.6	+1.6	-5.4	+6.6
1968	+0.6	+5.0	+0.4	-	+6.0
1969	+25.4	+29.0	+4.4	+1.8	+1.0
1970	+26.2	-25.0	+3.8	-1.0	-3.6

LIABILITIES TO HEAD OFFICES					
1965	-9.4	+29.6	-1.8	+0.8	+19.2
1966	-28.8	+7.0	-11.4	+0.2	-33.0
1967	-20.6	+23.2	-4.6	+0.2	-1.8
1968	+1.6	+6.2	+1.0	+0.2	+9.0
1969	-4.2	-49.6	0.6	-2.6	-57.0
1970	-6.4	+15.6	+7.2	-2.0	+15.4
TOTAL					
1965	+21.4	+36.8	+12.8	+9.4	+80.4
1966	+3.2	+10.4	+6.6	+6.0	+26.2
1967	-8.2	+56.4	-0.6	-4.2	+43.4
1968	+40.8	+18.4	+5.8	+8.0	+73.0
1969	-9.8	+2.0	+24.6	+14.8	+31.6
1970	+47.4	+26.4	+29.6	+18.2	+121.6

Source: CBN, Economic and Financial Review, Vol. 6, No. 2 December 1968

As revealed or shown in Table Six above, United Kingdom leads other countries in unremitted profits between 1967 and 1970. United Kingdom alone has a total of N+51.8 million when all the other countries put together have just N+47.4 million. The United States however, leads in the area of trade and suppliers' credit (net) with a net value of N+82.6 million between 1967 and 1970. The liabilities to head office for the United States are in the net value of N-35.8 million, while that of the United Kingdom, Western Europe (excluding UK), and others (unspecified) are N+6.2 million, N-6.2 million, and N-4.6 million respectively in 1967, 1968, 1969 and 1970. Put together, the components of net capital flow by origin increase from N+43.4 million in 1967 to N+73.0 million in 1968, falling to N-31.6 million in 1969, and to again later rise significantly to N+121.6 million in 1970. Changes in foreign share capital increase from the initial N+3.6 million in 1967 to N+9.6 million in 1968, and further to N+11.2 million in 1969, before dropping down to N+9.8 million in 1970. The components of net capital flow for Western Europe (excluding UK) however, appreciated significantly. It was all net for unremitted profit, changes in foreign share capital, trade and suppliers credit for the various years. The components of net capital flow for others (unspecified) increased significant too. This is a growing indication of a diversified foreign policy strategy adopted during the civil war years.

4.7.9 Cumulative Foreign Private Investment in Nigeria by Country or Region of Origin, 1967 - 1970

TABLE SEVEN
CUMULATIVE FOREIGN PRIVATE INVESTMENT IN NIGERIA BY COUNTRY OR REGION OF ORIGIN
(£N's million)

Country of origin	Paid-up capital including Reserves[1]	Other Liabilities[2]	Total	Percentage Distribution of Total	Investment in Fixed Assets[3]	Percentage Distribution of Total
United Kingdom						
1965	184.8	186.2	371.0	52.4	327.6	56.0
1966	214.8	159.4	374.2	51.0	340.8	52.0
1967	219.0	147.0	366.0	47.1	360.6	52.9
1968	250.4	156.4	406.8	47.9	401.6	56.3
1969	261.0	136.0	397.0	45.0	476.5	56.2
1970	272.6	171.8	444.4	44.0	224.8	31.6
United States						
1965	13.6	102.8	116.4	16.5	78.2	13.4
1966	15.6	111.2	126.9	17.3	112.8	17.0
1967	17.2	166.0	183.2	23.6	122.8	18.0
1968	18.4	183.2	201.6	23.7	141.6	19.8
1969	19.0	184.6	203.6	23.1	168.2	19.9
1970	26.2	203.8	230.3	22.9	289.0	40.6
Western Europe (excluding UK)						
1965	57.6	101.2	158.8	22.4	132.4	22.6
1966	71.4	94.0	165.4	22.5	147.6	22.0
1967	72.8	92.0	164.8	21.2	171.8	25.2
1968	75.6	95.0	170.6	20.1	135.0	18.9
1969	89.8	105.4	195.2	22.2	160.4	18.9
1970	103.4	121.4	224.8	22.4	130.6	18.3
Others						
1965	29.0	32.2	61.2	8.7	17.2	8.1
1966	32.4	34.8	67.2	9.2	50.0	7.1
1967	33.2	29.8	63.0	8.1	26.8	3.9
1968	40.4	30.6	71.0	8.3	35.6	5.9

1969	51.2	36.6	85.8	9.7	42.5	5.0
1970	66.0	38.0	104.0	10.4	68.0	9.5
Total						
1965	283.0	422.4	707.4	100.0	585.4	100.0
1966	334.2	393.4	733.6	100.0	651.2	100.0
1967	342.2	434.5	777.0	100.0	682.0	100.0
1968	384.9	465.2	850.0	100.0	718.8	100.0
1969	421.0	460.6	881.6	100.0	847.6	100.0
1970	468.2	535.2	1003.2	100.0	712.4	100.0

1. Excludes undistributed profits of oil prospecting companies
2. Other liabilities include components of trade and suppliers credit, other foreign liabilities and liabilities to Head Office by foreign companies operating in Nigeria
3. This represents the book value of Fixed Assets, i.e. at cost less cumulative depreciation.

Source: CBN, Economic and Financial Review, Vol. 11, No. 1, `.

In Table Seven above, the paid up capital including reserves from the United Kingdom surprisingly increase consistently from the initial N219.0 million in 1967 to N250.4 million in 1968, and from N261.0 million in 1969 to N272.6 million in 1970. That of the United States and Western Europe (excluding UK) increase as well but not with the same amount of magnitude. The liabilities from the United Kingdom are greater, followed by that of the United States, Western Europe (excluding UK) and others (unspecified). Investment in fixed assets of the United Kingdom, increase steadily up to a peak of N476.5 million in 1969, before falling to N224.8 million in 1970. The total investment in fixed assets equally exhibits the same pattern as it increases persistently from the initial N682.0 million in 1967 to N713.8 million in 1968, much later to N847.6 million in 1969 and again falling to N712.4 million in 1970. Quite appropriately, what explanations can be given for the trends? In a war situation, one should have expected a downturn in the volume of FDI attraction and stimulation. This however, was not to be. The point of explanation can be anchored in the efficient management of the economy by the then Federal Minister of Finance, in the person of Chief Obafemi Awolowo. It also has to do with the fact that the Federal Government was able to control effectively the spread of the war. The war was restricted to the Eastern Region. Attempts to move the war to the West were fatally resisted and this brought the war to abrupt end in favour of the Federal Government of Nigeria.

4.7.14 Cumulative Foreign Private Investment in Nigeria Analyzed by Type of Activity, 1967 – 1970

TABLE EIGHT
CUMULATIVE FOREIGN PRIVATE INVESTMENT IN NIGERIA
BY COUNTRY OR REGION OF ORIGIN
(£N's million)

Types of Activity	Paid-up capital including Reserves (1)	Other Liabilities (2)	Total (3)	Percentage Distribution of Total (4)	Investment in Fixed Assets	
					Actual (5)	Percentage of Total (6)
Mining and Quarrying						
1965	106.8	186.2	293.0	41.4	288.2	50.9
1966	135.8	195.6	331.4	45.2	358.0	55.0
1967	124.6	231.8	356.4	45.9	372.6	54.6
1968	173.8	243.4	417.2	49.1	369.0	54.7
1969	155.0	234.6	389.6	44.2	540.4	60.2
1970	173.0	342.4	545.4	51.4	304.8	42.8
Manufacturing & Processing						
1965	76.4	59.2	135.6	19.2	163.8	26.4
1966	90.6	49.4	140.0	19.1	171.4	26.3
1967	105.4	67.6	173.0	22.2	170.2	25.0
1968	95.0	74.8	169.8	20.0	174.4	24.5
1969	119.4	76.6	196.0	22.2	228.8	27.0
1970	132.8	92.0	224.8	22.4	281.6	39.5
Agriculture Forestry and Fishing						
1965	8.8	2.2	14.0	1.6	11.6	2.4
1966	7.0	2.2	9.2	1.2	11.4	1.8
1967	6.4	3.2	9.6	1.2	15.2	2.2
1968	5.8	8.8	9.6	1.4	14.4	2.0
1969	7.2	8.8	11.0	1.3	6.6	0.8
1970	8.0	8.2	11.2	1.4	10.2	4.4
Transport and Communication						

1965	7.0	4.4	44.4	1.6	11.4	21.
1966	9.2	4.2	12.2	1.7	9.8	0.5
1967	6.0	2.4	8.4	1.1	9.0	4.3
1968	6.6	3.0	9.6	1.1	9.6	4.3
1969	8.4	3.0	11.4	1.3	7.8	0.9
1970	9.2	4.6	13.8	1.4	6.4	0.9
Building and Construction						
1965	7.6	31.6	39.2	5.5	10.2	1.8
1966	7.8	10.0	17.8	2.4	9.2	1.4
1967	7.2	44.8	19.0	2.5	10.4	1.5
1968	6.4	13.4	19.8	2.4	12.2	1.7
1969	8.2	14.0	22.2	2.5	5.8	0.7
1970	9.0	4.8	48.8	1.4	12.4	1.8
Trading and Services						
1965	68.8	442.4	484.2	25.6	90.8	15.9
1966	77.4	16.4	439.0	27.1	79.2	12.1
1967	86.8	12.2	492.6	24.8	91.8	13.5
1968	90.6	11.6	205.8	24.2	120.0	16.8
1969	114.2	11.8	284.9	26.2	76.4	9.0
1970	127.0	79.6	206.6	20.6	75.4	10.6
Other activities						
1965	9.6	26.4	36.0	5.1	9.8	1.7
1966	7.6	46.4	24.0	3.3	12.2	1.9
1967	5.8	42.2	18.0	2.3	12.8	1.9
1968	6.6	44.6	18.2	2.4	14.2	2.0
1969	8.6	44.8	20.4	2.3	11.8	4.4
1970	9.2	8.4	17.6	1.7	21.6	3.0
Total						
1965	285.0	422.4	797.4	100.0	585.4	100.0
1966	334.2	399.4	733.6	100.0	651.2	100.0
1967	342.2	434.8	777.0	100.0	682.0	100.0
1968	384.8	465.2	850.0	100.0	713.8	100.0
1969	421.0	460.6	884.6	100.0	847.6	100.0
1970	468.2	535.0	1003.2	100.0	712.4	100.0

1. Excludes undistributed profits of oil prospecting companies

Source: CBN, Economic and Financial Review, Vol. 11, No. 1, June 1973

Table eight shows that the paid-up capital including reserves increase steadily in the mining and quarrying sector from N124.6 million in 1967 to N173.8 million in 1968. As the paid-up capital in the sector falls from the N173.8 million in 1968 to N155.0 million in 1969, other liabilities increase greatly from N234.6 million in 1969 to N342.4 million in 1970. Investment in fixed assets (actual) and in percentage of total (columns 5 and 6) rise to a peak of N510.4 million with a corresponding percentage of 60.2 percent in 1969, declining however to N304.8 million with a corresponding 42.8 percent in 1970. Next to mining and quarrying in the attraction of investment is the manufacturing and processing sector especially in paid-up capital including reserves.

Investment in other liabilities for trading and services sector is however greater than that of the manufacturing and processing sectors. This confirms the importance of the trading and services sector and the interest shown in it by foreigners. Agriculture, forestry, fishing, transport and communication, as usual, are lowly invested in. This has been the trend even before the outbreak of the civil war in 1967. The explanatory factors remain the pattern of preference established by colonial rule, and the very fact that there was not any felt need to change the pattern. The level of the development of the Nigerian economy should also serve as an explanatory factor.

4.7.15 Foreign Private Investment (Cumulative) in the Manufacturing Sector Analyzed by Type of Industry, 1967 - 1970

The types of activities in the manufacturing sector given in the Table Nine below (1 & 2) are twenty in number. Nineteen activities are production specific, while the remaining one (to make it twenty) is grouped largely as miscellaneous. In 1967 alone, the highest paid-up capital is recorded in products of petroleum and coal, and the lowest in machinery (except electrical). Other liabilities highest records are in metal products, and the lowest in machinery (except electrical) for the same year, 1967. In 1968, a paid-up capital of N1.38 million is the highest record in tobacco type of activity (industry), and the lowest record of N94,000 in machinery (except electrical).

Other liabilities for the same year, 1968, recorded N11.27 million, being the highest for chemicals industry, and the lowest of N92,000 in machinery (except electrical). There are noticeable improvements in the 1969 and 1970 figures. Tobacco industry records N17.36 million in 1969 with a corresponding other liabilities of N5.89 million, giving a total of N23.26 million in the same year, 1969.

The paid-up capital and other liabilities for leather and leather products are generally low, having a total of N386,000 in 1969 which later increase to N1.59 million in 1970. As the paid-up capital and other liabilities give textiles a total of N25.25 million in 1969, that of chemicals and products of petroleum and coal are equally significant having an aggregate of N24.30 million and N17.99 million respectively. The fixed assets of food, beverages tobacco, textiles increase consistently between 1967 and 1970.

TABLE NINE (1)

Type of Activity	1965			1966			1967			1968		
	Paid-up Capital (1)	Other Liabilities (2)	Total (1 + 2)	Paid-up Capital (3)	Other Liabilities (4)	Total (3 + 4)	Paid-up Capital (5)	Other Liabilities (6)	Total (5 + 6)	Paid-up Capital (7)	Other Liabilities (8)	Total (7 + 8)
Food	32,502	10,696	43,198	36,970	11,520	48,490	13,758	11,398	25,156	33,973	17,253	51,226
Beverages	11,718	13,218	24,936	19,340	13,478	32,818	7,552	10,963	18,395	18,377	4,754	23,131
Tobacco	11,334	2,684	14,018	22,581	4,033	26,614	19,390	7,522	26,942	26,392	6,477	32,869
Textiles	49,198	17,900	67,731	51,773	16,731	68,504	28,509	29,790	58,299	93,074	31,944	125,018
Footwear & wearing apparel etc	3,908	1,238	5,146	4,066	2,989	7,055	7,529	6,135	13,664	5,047	2,144	7,191
Wood and cork	1,146	1,440	1,586	1,483	543	2,055	367	209	576	1,186	211	1,397
Furniture and fixtures	12,058	1,444	13,502	13,055	1,660	14,715	3,889	2,073	5,962	12,603	2,229	14,832
Paper and paper products	6,796	3,746	10,542	11,586	4,854	16,440	1,236	605	1,841	8,296	1,294	9,590
Printing and publishing	3,926	1,836	5,766	4,803	1.960	6,763	3,582	750	4,332	1,978	1,037	3,015
Leather and leather products	1,920	582	2,502	2,129	538	2,667	2,688	1,419	4,107	2,971	347	3,318
Rubber and products	11,058	5,084	16,142	12,087	7,997	20,084	3,129	4,673	7,802	4,034	3,520	7,554
Chemicals	20,098	8,214	28,312	25,252	10,832	36,084	13,804	20,522	34,326	42,516	19,811	62,327
Products or petroleum and coal	6,518	3,910	10,428	7,412	6,767	14,179	2,265	3,110	5,375	14,675	4,038	18,713
Non-metallic mineral products	27,496	7,386	34,882	30,279	84,485	38,764	11,673	11,441	23,114	40,928	10,263	51,191
Basic metal (iron and steel)	6,606	1,526	8,132	8,067	4,977	13,044	4,223	9,307	13,949	8,933	8,712	17,645
Metal products	10,718	3,944	4,662	6,008	4,621	10,629	2,409	7,482	11,715	12,948	5,572	18,520
Machinery (except electrical)	802	564	1,366	1,052	3,184	4,236	4,556	421	12038	4,590	6,271	10,861
Electrical machinery	98	1,200	1,298	1,600	1,293	2,893	552	2,195	[illegible]973	1,044	-	1,044
Transport equipment	17,988	17,792	35,780	8,717	13,944	22,661	3,274	4,383	5,469	10,356	12,878	23,234
Miscellaneous	5,988	11,290	17,278	7,337	13,048	20,385	8,706	-	13,089	15,492	8,012	23,504
Total	241,878	114,696	356,574	275,597	133,454	409,051	142,972	144,153	287,125	359,413	146,767	506,180

SOURCE: CBN, Economic and Financial Review, Vol. 17, No. 1, June 1979

TABLE NINE (1) (cont'd)

Type of Activity	1969			1970						Fixed Assets		
	Paid-up Capital (9)	Other Liabilities (10)	Total (9+10)	Paid-up Capital (11)	Other Liabilities (12)	Total (11+12)	Paid-up Capital (13)	Other Liabilities (14)	Total (13+14)	Paid-up Capital (15)	Other Liabilities (16)	Total (15+16)
Food	14,640	9,902	22,542	12,930	6,352	19,282	23,756	21,310	23,542	24,812	32,568	39,054
Beverages	9,194	7,726	16,920	10,382	9,098	19,480	13,388	16,034	18,716	19,122	25,098	32,072
Tobacco	17,364	5,898	23,262	20,348	8,302	28,650	10,498	12,190	8,718	11,750	15,423	14,980
Textiles	16,486	8,766	25,252	20,912	19,036	39,948	18,182	16,240	21,204	32,304	42,403	54,572
Footwear & wearing apparel etc	1,056	678	1,744	1,030	960	1,990	1,584	1,726	1,534	2,388	2,850	4,874
Wood and cork	336	178	514	234	138	372	230	248	218	258	336	338
Furniture and fixtures	1,468	818	2,286	1,638	1,304	2,942	1,508	1,582	1,276	1,364	1,790	3,604
Paper and paper products	2,408	1,430	3,838	5,765	5,354	11,122	6,200	3,992	5,618	3,636	4,770	17,708
Printing and publishing	2,032	1,428	3,46	943	678	1,626	2,206	1,736	1,634	3,818	5,009	2,178
Leather and leather products	242	144	386	990	608	1,598	98	104	270	252	331	950
Rubber and products	3,932	2,798	6,730	2,688	1,386	4,076	9,906	10,960	17,666	8,088	10,615	8,092
Chemicals	12,866	11,436	24,302	9,114	8,896	18,010	9,372	10,304	11,480	12,578	16,509	18,902
Products or petroleum and coal	12,876	5,118	17,994	12,278	5,952	18,230	18,782	27,328	16,844	16,518	21,682	17,698
Non-metallic mineral products	10,250	10,742	20,992	13,990	6,404	20,394	32,902	32,228	23,880	22,208	29,198	38,436
Basic metal (iron and steel)	1,968	1,434	3,402	1,724	1,956	3,680	4,258	2,446	3,200	3,104	4,071	2,521
Metal products	6,490	5,360	12,850	4,886	4,270	9,156	8,834	9,610	6,826	5,838	7,662	8,914
Machinery (except electrical)	118	194	912	342	574	916	96	212	276	156	205	302
Electrical machinery	1,124	622	1,746	666	714	1,520	400	518	516	848	1,111	1,088
Transport equipment	3,122	2,620	5,742	4,922	4,132	9,052	886	1,854	6,424	5,018	6,612	6,098
Miscellaneous	1,364	404	1,768	6,906	5,938	12,844	1,026	672	312	250	605	9,228
Total	119,346	76,696	196,042	132,834	92,054	224,888	163,712	171,494	170,154	174,330	228,848	281,512

1. This represents the book value of Fixed Assets i.e. at cost less cumulative depreciation.
Fixed assets are not disaggregated into foreign and Nigerian components while other data are exclusively foreign
Source: CBN, Economic and Financial Review, Vol 11. No. 1, June 1973

TABLE NINE (2)
FOREIGN PRIVATE INVESTMENT (CUMULATIVE0 IN THE MANUFACTURING SECTOR ANALYSED BY TYPE OF INDUSTRY (N thousand)

Type of Activity	1965			1966			1967			1968		
	Paid-up Capital	Other Liabilities	Total	Paid-up Capital	Other Liabilities	Total	Paid-up Capital	Other Liabilities	Total	Paid-up Capital	Other Liabilities	Total
Food	7,084	10,558	17,642	7,746	5,660	13,406	13,204	11,008	24,032	11,682	7,690	19,372
Beverages	8,160	5,460	13,620	10,892	3,384	14,276	9,124	3,386	12,510	7,336	7,604	14,940
Tobacco	11,934	1,716	13,650	15,390	1,912	17,302	11,868	1,870	13,788	13,854	5,634	19,888
Textiles	6,050	6,046	12,096	7,438	2,232	9,670	10,944	4,352	15,296	13,154	8,526	21,680
Footwear & wearing apparel etc	276	182	458	386	144	530	722	664	1,386	850	664	1,514
Wood and cork	260	196	456	324	182	506	238	150	388	268	172	440
Furniture and fixtures	446	238	684	994	680	1,674	1,222	376	1,798	1,172	798	1,970
Paper and paper products	1,250	704	1,954	1,764	860	2,624	2,326	1,796	4,122	1,922	1,394	3,316
Printing and publishing	1,296	594	1,990	1,348	346	1,694	1,148	232	1,380	1,620	1,402	3,022
Leather and leather products	78	224	302	88	198	286	236	234	470	192	142	334
Rubber and products	4,090	4,122	8,212	6,710	3,750	9,462	7,214	8,984	16,198	3,136	2,746	5,882
Chemicals	4,600	6,616	11,216	8,152	8,846	16,998	9,636	6,944	16,580	10,264	11,270	21,534
Products or petroleum and coal	9,394	3,806	13,200	11,886	3,320	15,206	12,328	4,214	16,542	10,274	4,926	15,200
Non-metallic mineral products	8,644	5,464	14,108	3,430	9,670	13,140	9,210	3,462	12,672	8,178	10,616	18,794
Basic metal (iron and steel)	1,964	1,194	13,158	1,672	310	1,982	2,350	3,988	6,338	1,592	1,380	2,972
Metal products	7,238	7,560	14,798	9,580	5,496	15,076	7,382	11,914	19,296	5,178	6,278	11,450
Machinery (except electrical)	110	142	252	302	558	860	118	50	168	94	192	286
Electrical machinery	688	652	1,340	612	514	1,326	520	380	900	898	604	1,502
Transport equipment	1,580	2,472	4,052	2,328	1,130	3,458	2,906	2,688	5,594	2,492	2,576	5,068
Miscellaneous	1,160	1,352	2,512	462	164	626	2,800	744	3,544	782	308	1,060
Total	76,402	59,298	135,700	90,706	49,396	140,102	105,316	67,636	172,952	94,908	74,922	169,830

1. This represents the book value of Fixed Assets i.e. at cost less cumulative depreciation.
Fixed assets are not disaggregated into foreign and Nigerian components while other data are exclusively foreign
Source: CBN, Economic and Financial Review, Vol 11. No. 1, June 1973

4.7.16 FDI in Nigeria in the immediate Post Civil War Years, 1971 – 77

TABLE TEN

FLOW OF FOREING PRIVATE CAPITAL BY COUNTRY OR REGION OF ORIGIN 1972 – 1977

(N million)

Country of origin	Inflow (1)	Outflow (2)	Net flow (inflow minus outflow (3)
United Kingdom			
1972	236.0	58.3	177.7
1973	265.8	174.6	91.
1974	119.7	147.8	-28.4
1975	214.2	189.5	24.7
1976	205.6	121.1	84.5
1977	320.0	189.2	130.8
United States			
1972	17.1	67.8	-50.7
1973	174.3	153.0	21.3
1974	151.1	159.0	-7.9
1975	253.0	17.8	235.2
1976	39.0	198.0	-159.0
1977	84.9	170.9	-89.0
Western Europe (excluding UK)			
1972	150.9	44.9	-106.0
1973	91.7	43.5	48.2
1974	172.6	128.0	44.0
1975	191.6	61.3	130.3
1976	195.8	132.9	62.9
1977	213.6	127.7	85.9
Others			
1972	28.8	13.5	15.3
1973	46.0	14.1	31.9
1974	37.7	24.0	39.7
1975	98.6	13.4	85.2
1976	80.7	22.8	57.9
1977	101.8	31.9	69.9
Total			
1972	432.8	184.5	248.3
1973	577.8	385.2	192.6
1974	507.1	458.8	48.3
1975	757.4	282.0	475.4
1976	521.1	474.8	46.3
1977	717.3	519.7	197.6

Excludes undistributed profits of oil prospecting companies

Source: CBN, Economic and Financial Review Vol 17 No 1 June 1979

How can the pattern of FDI in Nigeria immediately after the civil-war ended in 1970 be described? Did the programmes of reconstruction, rehabilitation and reintegration stimulate FDI? Did the global energy crisis of 1973-74 influence the patterns of FDI in Nigeria? How were the activities relating to FDI managed during the period? Table Ten above gives information relating to the inflow, outflow and net flow of foreign capital in Nigeria by country or region of origin between 1972 and 1977. In 1972, inflows from United Kingdom, United States, Western Europe and Others are N236.0 million, N17.1 million, N150.9 million, N28.8 million respectively. The total inflow in 1972 is N432.8 million. In specific terms, inflow from the United Kingdom corresponds to the degree of stability perceived as it increases in 1974 from the initial figure of N119.7 million to N320.0 million in 1977. Interestingly, inflow from the United States declines abruptly from N253.0 million in 1975, to N39.0 million in 1976, and N81.9 million in 1977. Inflow from Western Europe exhibits the same pattern as that of the United Kingdom. Beginning from 1973, inflow increases from N91.7 million to N172.6 million in 1974, further to N191.6 million, N195.8 million and N213.6 million in 1975, 1976 and 1977 respectively. For others (unspecified), inflow is at the highest of N637.7 million in 1974. It declines abruptly to N98.6 million in 1975 just as that of United States in 1976 due perhaps to the change of regime, from General Yakubu Gowon to General Murtala Ramat Mohammed. The abrupt decline can as well be partly due to the global impact of the energy crisis of 1973 – 74.

4.7.17 Components of Net Capital Flow by Origin 1972 – 1977

TABLE ELEVEN
COMPONENTS OF NET CAPITAL FLOW BY ORIGIN 1972 – 1977
(N million)

Component	United Kingdom	United States	Western Europe (excluding UK)	Others (unspecified)	Total
UNREMITTED PROFITS					
1972	+34.5	6.6	+17.5	+9.6	+68.2
1973	+41.6	+9.5	+18.8	+13.6	+83.5
1974	+33.5	+10.0	+23.4	+19.0	+85.9
1975	+75.1	+7.9	+46.8	+17.8	+147.6
1976	+92.6	+10.9	+43.5	+20.7	+167.7
1977	+115.9	+20.2	+41.0	+33.3	+210.4
CHANGES IN FOREIGN SHARE CAPITAL (net)					
1972	+5.9	+4.4	+1.3	+4.7	+16.3
1973	+20.3	+4.0	+6.1	+6.3	+36.7
1974	-43.1	+0.7	-8.8	+11.9	-39.3
1975	+11.6	+0.9	+11.7	+6.0	+30.2
1976	+25.5	+0.3	+16.2	+21.5	+63.5
1977	+8.4	-1.2	+15.6	+12.6	+35.4
TRADE AND SUPPLIERS' CREDIT (net)					
1972	+15.9	-12.9	+22.0	+1.4	+26.4
1973	+99.2	+53.9	+24.9	+5.9	+183.9
1974	+18.5	-29.9	+84.1	+8.9	+181.6
1975	+27.4	+56.2	+20.5	+47.3	+151.4
1976	+38.3	-8.6	+42.3	+4.7	+76.7
1977	+31.4	-1.6	+62.8	+10.7	+103.3
OTHER FOREIGN LIABILITIES (Net)					
1972	-18.2	-28.2	+2.7	+1.7	+179.4
1973	-62.0	-145.2	+1.8	-3.1	+97.0
1974	+12.1	-74.7	+3.2	-4.4	-63.8
1975	-22.1	+138.0	+44.6	-0.6	-159.9
1976	-40.3	-87.9	-67.0	+3.6	-191.6
1977	-40.2	-14.3	-36.8	+5.2	-86.1
LIABILITIES TO HEAD OFFICE (Net)					
1972	+139.6	-20.6	+62.5	-2.1	+179.4
1973	-7.9	+99.1	-3.4	+9.2	+97.0
1974	-49.1	+85.9	-57.3	+4.4	-16.1
1975	-67.3	+32.2	+6.7	+14.7	-13.7
1976	-31.5	-73.7	+27.9	+7.3	-70.0
1977	+15.3	-92.1	+3.3	+8.1	-65.4

TOTAL					
1972	+177.7	-50.7	+106.0	+15.1	+248.3
1973	+91.2	+21.3	+48.2	+31.9	+192.6
1974	-28.1	-8.0	+44.6	+39.8	+48.3
1975	+24.7	+235.2	+130.3	+85.2	+475.4
1976	+84.6	-159.0	+62.9	+57.8	+46.1
1977	+130.8	-89.0	+85.9	+69.9	+197.6

Note: A minus sign indicates net disinvestment (i.e. decrease in amount due from overseas countries)

Source: CBN, *Economic and Financial Review* Vol 17 No 1 June 1979

As indicated in Table Eleven above, the components of net capital flow are unremitted profit, changes in foreign share capital (net), trade and suppliers credit (net), other foreign liabilities (net) and liabilities to head office (net). In the unremitted profit component, between 1972 and 1977, the United Kingdom, United States, Western Europe (excluding United Kingdom) and Others (unspecified), give positive net increases from the initial N+68.2 million in 1972 to the maximum of N+210.4 million in 1977. Changes in foreign share capital for the United Kingdom are negative in 1974, while that of the United States become negative in 1977. The changes in foreign share capital of Western Europe (excluding United Kingdom) are equally negative and happen also in 1974 like that of the United Kingdom. The trade and suppliers credit for the United Kingdom, Western Europe, and others (unspecified) are significantly positive between 1972 and 1977. For the United States, with the exceptions of 1973 and 1975 when pluses are recorded, the years 1972, 1974, 1976 and 1977 are negative. Other foreign liabilities, between 1972 and 1977, are a mixture of positive and negative figures for all the countries and or regions. Liabilities to head office (net) also exhibit the same pattern.

4.7.14 Cumulative Foreign Private Investment by Country or Region of Origin, 1972 – 1977

TABLE TWELVE
CUMULATIVE FOREIGN PRIVATE INVESTMENT IN NIGERIA BY COUNTRY OR REGION OF ORIGIN 1972 - 1977
(N million)

Country of origin	Paid-up capital + Reserves (1)	Other Liabilities (2)	Total (1) + (2) (3)	Percentage distribution of total (4)	Investment in fixed assets (5)	Percentage distribution of total (6)
United Kingdom						
1972	352.9	416.8	769.7	49.0	553.0	40.1
1973	414.8	446.1	860.9	48.8	581.1	44.2
1974	405.2	427.6	832.8	45.9	671.7	39.8
1975	491.9	365.6	857.5	37.5	902.2	48.3
1976	610.0	332.0	942.0	40.4	918.6	48.9
1977	734.3	338.5	1072.8	42.4	1,103.7	50.1
United States						
1972						
1973	51.6	235.0	286.6	18.2	337.4	24.5
1974	65.2	242.8	308.0	17.5	383.5	29.2
1975	74.9	224.1	300.0	16.6	506.2	30.0
1976	84.7	450.5	535.2	23.4	572.6	30.6
1977	95.8	280.4	376.2	16.1	541.8	28.8
	114.8	172.4	287.2	11.3	648.5	29.5
Western Europe (excluding UK)						
1972	136.5	230.5	367.0	23.4	425.8	30.9
1973	161.4	253.8	415.2	23.5	257.7	19.6
1974	175.9	283.9	459.8	25.4	342.7	20.3
1975	234.2	355.6	590.1	25.8	212.5	11.4
1976	294.2	358.9	653.1	28.0	224.7	12.0
1977	350.7	388.3	739.0	29.2	244.2	11.1
Others						
1972	99.5	48.3	147.8	9.4	61.8	4.5
1973	119.3	60.3	179.6	10.2	91.9	7.0
1974	150.3	69.2	219.5	12.1	166.4	9.9
1975	174.1	130.6	304.7	13.3	181.9	9.7
1976	216.4	146.1	362.5	15.5	193.1	10.3
1977	262.4	170.0	432.4	17.1	205.3	9.3
Total						
1972	640.5	930.6	1,571.1	100.0	1,378.0	100.0
1973	760.7	1,003.4	1,763.7	100.0	1,314.9	100.0
1974	807.3	1,004.8	1,812.1	100.0	1,678.0	100.0

1975	985.2	1,302.3	2,287.5	100.0	1,869.2	100.0
1976	1,216.4	1,117.4	2,333.8	100.0	1,878.2	100.0
1977	1,462.2	1,069.2	2,531.4	100.0	2,201.7	100.0

Source: CBN, *Economic and Financial Review* Vol 17 No 1 June 1979

Table Twelve above provides information relating to cumulative foreign private investment in Nigeria between 1972 and 1977 using the following standards: paid-up capital plus reserves, other liabilities, investment in fixed assets, total figures, and the percentage distribution of total, all provided in six columns. The paid-up capital plus reserves of the United Kingdom records the highest, followed by Western Europe (excluding United Kingdom) and other (unspecified). For other liabilities, though the United Kingdom, as usual, takes the lead, and later followed by Western Europe (excluding the United Kingdom), the United States of America however, features prominently as its other liabilities reach the N150.5 million peak in 1975 before declining to N172.4 million in 1977. Investment in fixed assets increases generally with the exception of Western Europe. For the United Kingdom, it increases progressively from N553.0 million in 1972 to N58`.8 million in 1973, and to over N337.4 million in 1972 and N383.5 million in 1973. It increases as well from N572.6 million in 1975 to N648.5 million in 1977. For Western Europe (excluding United Kingdom), the amount of fixed assets decreases from N425.8 million in 1972 to N257.7 million in 1973, only to rise to N342.7 million in 1974 and again fall to N244.2 million in 1977. The fixed assets of other (unspecified) increase from N61.8 million in 1972 to N181.9 million in 1975 and further to N205.3 million in 1977.

4.7.15 Cumulative Foreign Private Investment Analyzed by Type of Activity 1972 – 1977

TABLE THIRTEEN
CUMULATIVE FOREIGN PRIVATE INVESTMENT IN NIGERIA ANALYSED BY TYPE OF ACTIVITY
(N's million)

Types of Activity	Paid-up capital including Reserves (1)	Other Liabilities (2)	Total (1) + (2) (3)	Percentage Distribution of Total (4)	Investment in Fixed Assets	
					Actual (5)	Percentage of Total (6)
Mining and Quarrying						
1965	171.9	687.8	859.7	54.7	830.1	60.2
1966	248.9	676.4	925.3	52.5	822.5	62.5
1967	130.3	687.8	818.1	45.3	865.7	51.3
1968	126.3	833.3	959.6	42.0	941.5	50.3
1969	154.7	764.2	918.9	39.4	943.5	50.2
1970	369.0	721.8	1,090.8	43.1	1,069.1	48.5
Manufacturing & Processing						
1965	241.9	114.7	356.6	22.7	344.9	25.0
1966	275.6	133.4	409.0	23.2	330.1	25.0
1967	376.3	144.1	520.4	28.7	559.7	33.2
1968	359.4	146.8	506.2	22.1	614.1	32.9
1969	437.9	112.8	550.7	23.6	607.3	32.3
1970	599.8	104.0	703.8	27.8	730.0	33.2
Agriculture Forestry and Fishing						
1965	9.1	0.3	9.4	0.6	9.4	0.7
1966	6.4	1.5	7.9	0.4	10.6	0.8
1967	14.8	5.9	20.7	1.1	18.1	1.1
1968	15.9	3.3	19.2	0.8	19.3	1.0
1969	18.7	3.2	19.2	0.9	49.4	1.0
1970	71.4	3.6	21.9	3.0	23.7	1.1
Transport and Communication						
1965	8.8	3.4	12.2	0.8	19.2	1.4
1966	6.3	5.3	11.6	0.6	9.4	0.7
1967	13.9	8.0	21.9	1.2	21.1	1.2
1968	10.3	12.5	22.8	1.0	23.8	1.3
1969	13.6	2.6	11.0	0.5	23.9	1.3
1970	29.9	0.7	30.6	1.2	27.4	1.2
Building and						
Construction	21.7	12.6	34.3	2.2	22.1	1.6
1965	28.8	16.2	45.0	2.6	32.4	2.5

1966	44.3	19.9	64.2	3.5	85.6	5.1
1967	33.4	77.8	111.2	4.9	92.3	4.9
1968	45.4	77.1	122.5	5.2	97.9	5.2
1969	38.1	83.3	121.4	4.8	125.1	5.7
1970						
Trading and Services						
1965	142.4	100.3	242.7	15.4	108.7	7.8
1966	139.5	155.2	294.7	16.7	93.6	7.1
1967	193.0	128.3	321.3	17.7	122.0	7.2
1968	373.0	199.4	572.4	25.0	160.2	8.6
1969	472.2	152.6	624.8	26.8	171.9	9.2
1970	216.4	149.1	365.5	14.4	204.1	9.3
Other activities						
1965	44.7	11.5	56.2	3.6	43.5	3.3
1966	55.2	15.0	70.2	4.0	16.3	1.2
1967	34.7	10.8	45.5	2.5	14.8	0.9
1968	66.9	29.2	96.1	4.2	18.0	1.0
1969	73.9	10.1	84.0	3.6	14.3	0.8
1970	137.6	6.7	144.3	5.7	22.3	1.0
Total						
1965	640.5	930.6	1,571.1	100.0	1,378.0	100.0
1966	760.7	1,003.0	1,763.7	100.0	1,314.0	100.0
1967	807.3	1,004.8	1,812.1	100.0	1,687.0	100.0
1968	985.2	1,302.3	2,287.5	100.0	1,869.2	100.0
1969	1,216.4	1,117.4	2,333.8	100.0	1,878.2	100.0
1970	1,462.2	1,069.2	2,531.4	100.0	2,201.7	100.0

Source: CBN, *Economic and Financial Review*, Vol. 17, No. 1, June 1979

As shown in Table Thirteen above, mining and quarrying, manufacturing and processing, and trading and business services are the major areas of foreign interest in Nigeria. Between 1972 and 1977 total investment in mining and quarrying average N800 million and reaches a peak level of N1.09 billion in 1977. Investment in manufacturing and processing increases progressively from N356.6 million in 1972 to N409.0 million in 1973 and N520.4 million in 1974, falling a bit to N506.2 million in 1975, increasing again to N550.7 million and N703.8 million in 1976 and 1977 respectively. Investment in trading and business services increases consistently from the initial N242.7 million in 1972 to N294.7 million in 1973, from N321.3 million in 1974 to N572.4 million in 1975, and further to N624.8 million in 1976. It however, declines drastically to N365.5 million in 1977. This is not unconnected with the general business/economic activity in Nigeria that brought about more outflow following the effect of the global energy crisis of the seventies, and the domestic turmoil following the assassination of late General Murtala Ramat Mohammed.

Agriculture, forestry and fishing, as usual, attract less foreign investment. Total investment in 1973 for example, is as low as N7.9 million. This however, increases to N20.7 million in 1974, only to suffer a marginal decline to N19.2 million in 1975, and increase later to N21.9 million and N75.0 million in 1976 and 1977. Investment in transport and communication is almost similar to agriculture, forestry and fishing. Total investment in 1973 for example, is as low as N11.6 million, but to more than double later in 1977. The building and construction industry also witnessed sustained investment from the initial N34.3 million in 1972 to as high as N122.5 in 1976 as the various regimes reintensified the civil war reconstruction programmes and the enlargement of existing infrastructure due to population explosion in places such as Lagos, Ibadan, Port Harcourt and Kano, among others.

4.7.18 Foreign Private Investment (Cumulative) in the Manufacturing Sector Analyzed by Types of Industry, 1972 – 1977

In Table Fourteen below, the textile sub-sector has the highest recorded investment of N67.0 million in 1972, followed by food with an investment value of N43.1 million. The non-metallic mineral product equally has a recognizable investment worth of N34.8 million. Investment in these sub-sectors exhibits the same pattern and volume in 1973 as investment in the textile subsector for example, increases to N68.5 million from the 1972 level. Investment in food beverages, chemicals, non-metallic, mineral product, transport equipment and miscellaneous average N25.0 million. Investment in rubber products increases significantly from N16.1 million in 1972 to N20.0 million in 1973. In 1974, investment in food declines appreciably to N25.1 million from N48.4 million in 1973. Other significant subsectors experience the same measure of decline. Specifically, textiles decline to N58.2 million from N68.5 million in 1973; chemicals decline also to N34.3 million from N36.0 million in 1973; non-metallic mineral product equally decline to N23.1 million from N8.7 million in 1973, among others.

In 1975, all the subsectors experience almost three times increase in volume (on the average) from the 1974 general declines. Investment in food, textiles, chemicals, non-metallic mineral product, and transport and equipment, among others, for example, increase to N51.2 million, N125.0 million, N62.3 million, N51.1 million, and N23.2 million respectively for all the above mentioned sub-sectors from the initial amounts of N25.1 million, N58.2 million, N34.3 million, N23.1 million, and N5.4 million in 1974. The increases continue to 1976 and 1977. Increasing population coupled with a rapidly growing urbanization provide plausible explanatory factor as the markets for these products then were assured.

TABLE FOURTEEN
FOREIGN PRIVATE INVESTMENT (CUMULATIVE) IN THE MANUFACTURING SECTOR ANALYSED BY TYPE OF INDUSTRY 1972 – 1977
(N thousand)

Type of Activity	1965			1966			1967			1968		
	Paid-up Capital	Other Liabilities	Total	Paid-up Capital	Other Liabilities	Total	Paid-up Capital	Other Liabilities	Total	Paid-up Capital	Other Liabilities	Total
Food	32,502	10,696	43,198	36,970	11,520	48,490	13,758	11,398	25,156	33,973	17,253	51,226
Beverages	11,718	13,218	24,936	19,340	13,478	32,818	7,552	10,963	18,395	18,377	4,754	23,131
Tobacco	11,334	2,684	14,018	22,581	4,033	26,614	19,390	7,522	26,942	26,392	6,477	32,869
Textiles	49,198	17,900	67,731	51,773	16,731	68,504	28,509	29,790	58,299	93,074	31,944	125,018
Footwear & wearing apparel etc	3,908	1,238	5,146	4,066	2,989	7,055	7,529	6,135	13,664	5,047	2,144	7,191
Wood and cork	1,146	1,440	1,586	1,483	543	2,055	367	209	576	1,186	211	1,397
Furniture and fixtures	12,058	1,444	13,502	13,055	1,660	14,715	3,889	2,073	5,962	12,603	2,229	14,832
Paper and paper products	6,796	3,746	10,542	11,586	4,854	16,440	1,236	605	1,841	8,296	1,294	9,590
Printing and publishing	3,926	1,836	5,766	4,803	1.960	6,763	3,582	750	4,332	1,978	1,037	3,015
Leather and leather products	1,920	582	2,502	2,129	538	2,667	2,688	1,419	4,107	2,971	347	3,318
Rubber and products	11,058	5,084	16,142	12,087	7,997	20,084	3,129	4,673	7,802	4,034	3,520	7,554
Chemicals	20,098	8,214	28,312	25,252	10,832	36,084	13,804	20,522	34,326	42,516	19,811	62,327
Products or petroleum and coal	6,518	3,910	10,428	7,412	6,767	14,179	2,265	3,110	5,375	14,675	4,038	18,713
Non-metallic mineral products	27,496	7,386	34,882	30,279	84,485	38,764	11,673	11,441	23,114	40,928	10,263	51,191
Basic metal (iron and steel)	6,606	1,526	8,132	8,067	4,977	13,044	4,223	9,307	13,949	8,933	8,712	17,645
Metal products	10,718	3,944	4,662	6,008	4,621	10,629	2,409	7,482	11,715	12,948	5,572	18,520
Machinery (except electrical)	802	564	1,366	1,052	3,184	4,236	4,556	421	12038	4,590	6,271	10,861
Electrical machinery	98	1,200	1,298	1,600	1,293	2,893	552	2,195	973	1,044	-	1,044
Transport equipment	17,988	17,792	35,780	8,717	13,944	22,661	3,274	4,383	5,469	10,356	12,878	23,234
Miscellaneous	5,988	11,290	17,278	7,337	13,048	20,385	8,706	-	13,089	15,492	8,012	23,504
Total	241,878	114,696	356,574	275,597	133,454	409,051	142,972	144,153	287,125	359,413	146,767	506,180

Source: CBN, Economic and Financial Review, Vol. 17, No. 1, June 1979

4.7.19 FDI in Nigeria, 1978 – 1984

How can the patterns of FDI in Nigeria between 1978 and 1984 be explained? What is the specific relationship between the so-called domestic developments and the volume of FDI? In other words, how much (in terms of volume) of FDI was attracted during the processes of the birth and demise of the Second Republic? This is the focus of this part of the study.

Flow of Foreign Private Capital by Country or Region of Origin, 1978 – 1984

TABLE FIFTEEN
Flow of Foreign Private Capital by Country or Region of Origin (N million)

Year	United Kingdom			United States of America			Western Europe		
	Inflow (1)	Outflow (2)	Netflow (1 – 2) (3)	Inflow (4)	Outflow (5)	Netflow (4 – 5) (6)	Inflow (7)	Outflow (8)	Netflow (7 – 8) (9)
1978	226.3	103.8	122.5	126.0	70.8	55.2	229.7	121.1	108.6
1979	199.6	291.3	91.7	270.2	46.8	223.4	182.4	54.0	128.4
1981	365.0	46.8	318.2	159.1	158.7	0.4	255.9	94.7	131.2
1980	128.0	120.6	7.4	103.9	231.5	127.6	325.3	82.5	242.8
1982	776.2	211.6	564.6	854.5	121.5	733.0	401.9	194.3	207.6
1983	1,058.3	443.3	615.0	150.7	351.3	200.6	310.6	194.0	116.6
1984	714.0	213.4	500.6	321.1	327.2	6.1	229.5	254.6	25.1

TABLE FIFTEEN (contd)
Flow of Foreign Private Capital by Country or Region of Origin (N million)

Year	Others			Total		
	Inflow (10)	Outflow (11)	Netflow (10 – 11) (12)	Inflow (13)	Outflow (14)	Netflow (13 – 14) (15)
1978	82.7	37.2	45.5	664.7	332.9	331.8
1979	51.8	22.0	29.8	704.0	414.1	289.9
1980	36.4	19.2	17.2	786.4	319.4	467.0
1981	27.7	12.5	15.2	584.9	447.1	137.8
1982	160.8	41.1	119.7	2,173.4	568.5	1,624.9
1983	154.0	123.3	25.7	1,673.6	1,116.9	556.7
1984	120.7	55.3	65.4	1,385.3	850.5	534.8

Sources: - CBN, *Economic and Statistical Bulletin* Dec. 1994, 1998 and 2000
- *National Planning Commission Economic and Statistical Review* 1996
- M E. Obadan (2004) *Foreign Capital Flows and External Debt Perspective on Nigeria and the LDCs Group* Lagos: Broadway Press Ltd pp. 394 – 397

Table Fifteen above provides information relating to the inflow and outflow of FDI in Nigeria between 1978 and 1984 and by country or region of origin. Inflow from Western Europe (excluding United Kingdom) for the first time (in 1978) exceeds that from the United Kingdom. In 1978, inflow from Western Europe (excluding United Kingdom) is N229.7 million compare with that of the United Kingdom which is N226.3 million, a difference of about N3.4 million. Inflow from the United States in 1978 is N126.0 million. In 1979, inflows from the United Kingdom, Western Europe (excluding United Kingdom), and Others (unspecified) decline abruptly. For the United Kingdom, it declines from N226.3 million to N199.6 million; that of Western Europe declines from N229.7 million to N182.4 million; and for Others it declines from N82.7 million to N51.8 million. Interestingly, inflow from the United States increases significantly from N126.0 million in 1978 to N270.2 million. This can perhaps be attributed to increasing confidence as a result of Nigeria's return to not just civil democratic rule, but also to presidential type of democracy.

In 1980, while inflows from the United Kingdom and Western Europe increase from the drastic fall of the previous year i.e. 1979, that of the United States fall from N270.2 million to N159.1 million in 1980. Inflow from the United Kingdom further increases dramatically and impressively to N365.0 million in 1980, leaving that of Western Europe to N225.9 million from the 1979 figure of N182.4 million. How can the sudden decline of inflow from the United States be explained? Perhaps it is a reaction to the exchange rate of naira to the dollar (which was then in favour of naira), and the preference for investment in the Middle and Far East. The decline of inflow from the United States continues till 1981 until in 1982 when it jumps to N854.5 million from the N109.9 million figure of 1981. The sudden increase can be explained from the perspective of the Economic Stabilization Act introduced by the Alhaji Shehu Shagari administration under which the exchange of the dollar to naira increased significantly.

In 1983, inflow for the United Kingdom increases to over N1 billion before dropping to N714.0 million in 1984. Inflow from the United States however, drops drastically to N150.7 million in 1983 from the impressive N854.5 million in 1982. Interestingly, it increases to N321.1 million in 1984. Of importance to note, inflow from Western Europe increases consistently after the initial fall in 1979. It increases specifically from N225.9 million in 1980 to N325.6 million in 1981, and further to N401.9 million in 1982 before falling to N310.6 in 1983 and N229.5 million in 1984. The preparations toward the 1983 General Elections and the eventual military take over in December 31st of the same year provided an atmosphere of political instability. The policies, pronouncements and utterances of the military regime of General Mohammed Buhari also assist in worsening the atmosphere of political instability.

4.7.18 Components of Net Foreign Capital Flows, 1978 – 1984

TABLE SIXTEEN

Components of Net Foreign Capital Flows (N Million and Percentage of Total Net Flow)

Year	Unremitted profit	Changes in Foreign Share Capital (Net)	Trade and Suppliers' Credit (Net)	Other Foreign Liabilities (Net)	Liabilities of Head Office (Net)	Total Net Flow
1978	192.9	17.3	163.0	-44.4	3.0	331.8
	(58.1)	(5.2)	(49.1)	(-13.4)	(0.9)	
1979	165.6	79.0	84.3	50.0	-82.0	296.9
	(55.8)	(26.6)	(28.4)	(16.8)	(-27.6)	
1980	104.5	50.5	80.6	20.17	29.7	467.0
	(22.4)	(10.8)	(17.3)	(43.2)	(6.4)	
1981	113.5	41.6	204.4	-279.1	14.4	94.8
	(119.7)	(43.9)	(215.6)	(-294.4)	(15.2)	
1982	413.3	66.6	238.4	955.1	-48.5	1624.9
	(25.4)	(4.1)	(14.7)	(58.8)	(-3.0)	

1983	228.8 (40.1)	89.5 (15.8)	664.1 (117.2)	-294.6 (-52.0)	-121.3 (-21.4)	566.5
1984	329.9 (61.7)	53.4 (1.0)	-58.9 (-11.0)	233.3 (43.6)	-22.9 (-4.3)	534.8

Source: M. I. Obadan (2004), *Foreign Capital Flows and External Debt Perspectives on Nigeria and the LDG Group,* Lagos: Broadway Press Ltd. p. 397

As shown in Table Sixteen above, total net flow amounts to N331.8 million in 1978. It drops to N296.9 million in 1979, only to increase to N467.0 million in 1980, and drops back again to N94.8 million in 1981. In 1982, the total net flow increases again to over N1.6 billion, but to later drop to N566.5 million in 1983 and further to N534.8 million in 1984. Unremitted profit drops consistently from the initial N192.9 million in 1978 to N165.6 million in 1979, further to N104.5 million and N113.5 million in 1980 and 1981 before increasing substantially to N413.3 million in 1982, and dropping again to N228.8 million and N329.9 million in 1983 and 1984 respectively.

Trade and suppliers' credit follow the same pattern of fluctuations as well. From the impressive N163.0 million in 1978, it falls to N84.3 million in 1979, further to N80.6 million in 1980 before increasing to N204.4 million in 1981. It increases further to N238.4 million in 1982 and N664.1 million in 1983. In 1984 it falls drastically to N-58.9 million. The factor of military rule and the policies and utterances of the new military regime would serve as likely points of explanation. Liabilities to the head office exhibit a noted pattern of decline and sudden increase. From the N3.0 million figures of 1978, it declines to N82.0 million in 1980, further declining to N14.4 million in 1981, and finally to N-48.5 million, N-121.3 million, and N-22.9 million in 1982, 1983, 1984 respectively. Interestingly, other foreign liabilities increase significantly especially beginning from 1979. From this year, it increases to N201.7 million in 1980 from the 1979 figures of N50.0 million. It however, declines to N-279.1 million in 1981, only to increase phenomenally to N955.1 million in 1982, decline again to N-294.6 million in 1983 and increase again to N233.3 million in 1984.

4.7.19 Cumulative Foreign Direct Investment Analyzed by Type of Activity, 1978 -1984.

TABLE SEVENTEEN
Cumulative Foreign Direct Investment in Nigeria, Analyzed by Type of Activity (N million)

Year	Mining and Quarrying		Manufacturing and processing		Agriculture, Forestry and Fishing		Transport and Communication	
	Total	% Distribution of Total	Total	% Distribution of Total	Total	% Distribution of Total	Total	% Distribution of Total
1978	421.3	14.7	1,263.4	44.1	117.6	4.1	55.6	1.9
1979	466.8	14.8	1,402.5	44.5	120.8	3.8	60.5	1.9
1980	677.4	18.7	1,503.9	41.5	120.5	3.3	62.2	1.7
1981	526.0	14.0	1,705.7	45.4	120.5	3.2	60.8	1.6
1982	974.0	18.1	1,922.5	35.7	120.5	2.2	68.9	1.3
1983	511.2	8.6	2,128.1	35.8	127.8	2.1	77.3	1.3
1984	702.8	10.0	2,109.3	32.9	128.5	2.0	80.6	1.3

TABLE SEVENTEEN (cont'd)
Cumulative Foreign Direct Investment in Nigeria, Analyzed by Type of Activity (N million)

Year	Building and Construction		Trading and Business Services		Miscellaneous		Total	
	Total	% Distribution of Total	Total	% Distribution of Total	Total	% Distribution of Total	Total	% Distribution of Total
1978	224.3	7.8	522.5	18.2	258.5	9.0	2,863.2	100.0
1979	294.3	9.3	550.5	17.5	257.7	8.2	3,153.4	100.0
1980	307.8	8.5	693.2	19.1	255.1	7.0	3,620.4	100.0
1981	325.9	8.7	767.2	20.4	251.8	6.7	3,757.9	100.0
1982	422.5	7.8	1,483.6	27.6	390.8	7.3	5,382.8	100.0
1983	443.9	7.5	2,274.9	38.2	386.3	6.5	5,949.5	100.0
1984	439.0	6.8	2,622.5	40.9	335.6	5.2	6,418.3	100.0

Source: M. I. Obadan (2004), *Foreign Capital Flows and External Debt Perspectives on Nigeria and the LDG Group,* Lagos: Broadway Press Ltd. pp 400 - 401

In Table Seventeen above, investment in manufacturing and processing in 1978 is over N1.2 billion and with a percentage of 44.1 percent of total. The increase is almost three times of mining and quarrying which has in the same year an investment amount of N421.3 million and a percentage of 14.7 per cent of total. This is a significant development indeed. The increase in petro-dollars accruing to Nigeria after the global energy crisis of 1973 and 1974 expand the domestic market of Nigeria and Nigerian purchasing power thereby creating the potentials for investment in manufacturing and processing. Related to this explanatory factor is the increasing/growing population and its attendant effects on the consumption of civilian goods. Investment in trading and business services supersedes that of mining and quarrying in 1975. It nearly doubles that of building construction in the same year. Miscellaneous services investment also increases considerably. In 1978, it is N278.5 million and constitutes 9.0 per cent of total. In 1979, all the sectors witness an increase in the volume of investment. Mining and quarrying for example, increase from N421.3 million in 1978 to N466.8 million in 1979, manufacturing and processing as well increase from the over N1.2 billion in 1978 to over N1.4 billion in 1979. Building and construction increase from N224.3 million in 1978 to N294.3 million in 1979.

As investment in mining and quarrying appears to have reached its climax in 1982 when it records N974.0 million before falling to N511.2 million in 1983, manufacturing and processing increase up to N2.128 billion in 1983 before marginally declining to N2.109 billion in 1984, a difference of just N19 million. Agriculture, forestry and fisheries surprisingly maintain sustained increase between 1978 and 1984 with an investment volume of N128.5 million. Investment in transport and communication increases only marginal between 1978 and 1984, from the initial N55.6 million to N80.6 million.

4.16 Data Presentation and Analysis: The Volume and Sectoral Allocation of FDI in Nigeria with the Introduction of the Babangida Initiatives, 1985 - 1993

The volume and sectoral allocation of FDI in Nigeria with the introduction of Babangida Initiatives between 1985 and 1993 are here presented in line with the major thematic areas of FDI study and analysis that tend to capture (1) the flow of FDI by region or country of origin; (2) components of net capital flow by country/region of origin; (3) flow of FDI by component, economic sectors and region or country of origin; (4) cumulative FDI by country/region of origin; (5) cumulative FDI analyzed by type of activity; (6) foreign Liabilities (cumulative) by type of economic activity and country/region of origin; (7) net FDI analyzed by type of activity and region of origin (8) foreign liabilities current and long term (net) and analyzed by type of economic activity and country/region of origin; (9) FDI (cumulative) in manufacturing and processing sector analyzed by type of industry; and (10) net FDI in manufacturing and processing sector analyzed by type of industry. The data presentation is consequently patterned to reflect the ten major themes that are of importance to the study and in the making of a generalization.

4.16.1 Table 1: Flow of FDI by Region or Country of Origin

Country/Region of Origin	Year (1)	Inflow (2)	Outflow (3)	Net Flow
United Kingdom	1987	2,304.7	1,870.5	434.2
	1988	1,276.7	2,059.9	-783.2
	1989	1,979.6	450.0	1,529.6
	1990	1,102.5	529.0	573.5
	1991	777.8	358.3	419.5
United States	1987	1,762.8	1,945.8	-183.0
	1988	3,272.6	1,736.3	1,536.3
	1989	1,646.4	3,738.4	-2,092.0
	1990	6,003.1	6,436.6	-433.5
	1991	1,166.6	2,202.5	-1,035.9
Western Europe (Excluding UK)	1987	776.9	552.4	224.5
	1988	1,497.3	1,037.9	459.4
	1989	671.4	743.6	-72.2
	1990	2,816.8	3,747.7	-930.9
	1991	1,958.7	628.5	1,330.2
Others (specified)	1987	266.4	62.1	204.3
	1988	190.1	57.0	133.1
	1989	395.3	200.1	195.2
	1990	527.8	201.2	326.6
	1991	1,701.1	612.9	1,094.2
Total	1987	5,110.8	4,430.8	680.0
	1988	6,236.7	4,891.1	1,345.6
	1989	4,692.7	5,132.1	-439.4
	1990	10,450.2	10,914.5	-464.3
	1991	5,610.2	3,802.2	1,808.0

Source: Central Bank of Nigeria (2005), *Economic and Financial Review* Vol. 16, December

In Table One above, the country/region of the world in which FDI in Nigeria between 1985 and 1993 is being presented is divided into four categories (a) United Kingdom, (b) United States, (c) Western Europe (excluding UK), and (d) Others (unspecified). Inflow from UK in 1985 at the commencement of the Babangida administration is N635.7 million. It increases to over N1.7

billion in 1986, and further to N2.3 billion in 1987. It falls to over N1.2 billion in 1988, and again increases to N1.97 billion in 1989. It significantly falls to N1.1 billion in 1990, and further to N777.8 million in 1991, and much further to N638.6 in 1992 only to jump to N4.19 billion in 1993. In the case of the United States during the year 1985, inflow of FDI increases from N390.1 million to over N1.3 billion in 1986, and increases further to a remarkable N1.7 billion in 1987 and N3.27 billion in 1988. In 1989, it falls to N1.64 billion and to again rise astronomically to over N6 billion in 1990. It again falls to N1.16 billion in 1991 and to increase further to N9.67 billion in 1992, and to over N10.83 billion in 1993.

The net flow of FDI from both the UK and the United States in 1985 are N484.8 million and N-94.7 million respectively. The net flow from Western Europe and Others are N-58.0 million and N-2.4 million. Quite appropriately: What does the data cumulatively represent, and how can they be interpreted and explained? Further more, what implications do the data and their explanations pose for policy formulation? The questions are important first, in strengthening and justifying the choice of data analysis (the historical-analytical method), and second, in helping to confront the problems and challenges of underdevelopment in Nigeria. Generally, the data reflect the rise and fall in the volumes of FDI in Nigeria and therefore further help in illustrating the nature and character of FDI interventions in the Nigerian economy. The rise and fall in the volumes of inflow of FDI in Nigeria can be explained and interpreted purely from the angle of opportunities which time and circumstance continue to provide, opportunities that the MNCs are ever willing to tap rather than the logic of economic theory rooted in some assumptions like the availability and efficiency of infrastructural facilities, among others. Nigeria, between 1990 and 1993, under the Babangida administration, was a bit politically uncertain having reneged in his handover promises three times. Interestingly, inflow from the United States is at its peak of over N6 billion in 1990, and over N2.816 billion from Western Europe in the same year.

4.16.2 Table Two: Components of Net Capital Flow by Country/Region of Origin (=N=Million)

	Year	United Kingdom`	U.S.A	Western Europe	Others	Total
Unremitted Profit	1987	241.4	82.3	59.7	75.7	427.5
	1988	85.3	151.2	84.7	165.1	396.9
	1989	629.4	251.7	148.3	94.9	1,194.5
	1990	781.4	557.3	98.2	1,238.5	1,531.8
	1991	391.6	55.3	416.1	94.3	2,101.5
Changes in Foreign Share Capital	1987	93.7	17.3	18.6	23.3	152.9
	1988	65.2	152.9	60.2	8.7	287.0
	1989	230.1	57.3	97.4	140.2	525.0
	1990	67.0	129.6	249.8	70.5	516.9
	1991	115.9	49.9	132.8	370.5	669.1
Trade and Suppliers' Credit	1987	548.6	251.6	320.0	-0.6	1119.6
	1988	-616.9	758.2	642.5	11.8	795.6
	1989	173.1	226.8	292.4	-30.7	661.6
	1990	-139.7	5134.4	1059.9	17.8	6072.4
	1991	27.6	72.3	598.9	8.4	707.2
Other Foreign Liabilities	1987	-640.6	-636.1	-206.6	141.9	-1341.4
	1988	60.2	647.8	-381.3	28.7	355.4
	1989	108.6	-2629.0	-341.6	-88.4	-2955.4
	1990	56.7	-3.3	-336.4	27.5	-255.5
	1991	-0.2	-333.0	-16.8	-314.3	-664.3
Liabilities to to Head Office	1987	191.1	101.9	32.8	-4.4	321.4
	1988	-377.0	-173.8	53.3	8.2	-489.3
	1989	388.4	1.2	-263.7	9.0	134.9
	1990	-191.9	-6251.5	-2002.4	115.9	-8329.9
	1991	-115.4	-880.4	199.2	-208.9	-1005.5
Total	1987	434.2	-183.0	224.5	204.3	680.0
	1988	-783.2	1536.3	459.4	133.1	1345.6
	1989	1529.6	-2092.0	-72.2	195.2	-439.4
	1990	573.5	-433.5	-930.9	326.6	-464.3
	1991	419.5	-1035.9	1330.2	1094.2	1808.0

Source: CBN (2005), *Economic and Financial Review* Vol. 16, December

Table Two presents the components of net capital flow of FDI in Nigeria between 1985 and 1993, and categorized and classified as: unremitted profit, changes in foreign share capital, trade and suppliers' credit, and liabilities to head office. The categorization and classification are in turn distributed along region/country of origin represented as UK, USA, Western Europe and Others (unspecified). In 1987, unremitted profit from the UK is N241.4 million, and falls drastically to N85.3 million in 1988, to again rise to N629.4 million in 1989 and N781.4 million in 1990. It again falls significantly to N391.6 million in 1991, N245.7 million in 1992, and to pick-up geometrically to N1.41 billion in 1993. For the United States and Western Europe, unremitted profits increases consistently and remarkably from N82.3 million and N59.7 million in 1987, to N151.2 million and N84.7 million in 1988, and N251.7 million and N148.3 million in 1989. While there is significant increase of unremitted profit to N557.3 million in 1990 for the United States, that of Western Europe plummeted to N98.2 million in 1991 and later jumped to N416.1 million in 1991. In 1993, the unremitted profit from the United Kingdom increases to over N1.41 billion, that of the United States, Western Europe and Others stabilized at N252.9 million, N733.6 million and N331.9 million respectively.

Changes in foreign share capital, trade and suppliers' credit, and other foreign liabilities reflect the generally known patterns of rise and fall and outright negative. For examples, changes in foreign share capital from the United States increase from N17.3 million in 1987 to N152.9 million in 1988 before falling to N57.3 million in 1989, and to again rise to N129.6 million in 1990 and fall much later to N49.9 million in 1991. Trade and Suppliers' credit from the United Kingdom fall from a relatively good performance level of N548.6 million in 1987 to N616.9 million in 1988, only to improve significantly to N173.1 million in 1989 and to again fall to N-139.7 million in 1990, and to later marginally improved to N27.6 million 1991. In 1992 and 1993, changes in foreign share capital from the United Kingdom and the United States increase relatively from N55.6 million and N49.1 million to N291.7 million and over N3.9 billion respectively.

The questions can then be asked: What meanings can be made from these figures, and how, within the tradition of the historical-analytical method, can the figures be explained? Finally, what implications for contemporary policy formulation on how to attract and stimulate FDI? The figures no doubt reflect the level of the interests of MNCs in the Nigerian economy. The trade and suppliers' credit from the United Kingdom, Nigeria's colonial master, in both 1988, 1990, 1991 reflect specifically the volume and amount of Nigeria's foreign exchange earnings (largely from crude-oil) in being able to give the necessary financial and cash support. The implication of this for current and future policy priorities is still the need to diversify Nigeria's economy by making it less dependent on oil. The second meaning that can be made from the entire table is that unremitted profit perhaps contributes a larger segment of FDI volume in Nigeria rather than the injection of fresh capital, and the consequent non-effect of a supposed multiplier effect. The logic of economic theorizing, we know, expects a positive multiplier effect of any injection of new capital to stimulate further production, employment and general improvement in the tempo of economic activities. And since the technique of data analysis utilizes the historical-analytical method, it further means that the general rise and fall in the volumes of FDI lend credence to the appropriateness and suitability of the method in bringing out the relationships between the figures and forces and processes of history.

4.16.3 Table Three: (Flow of FDI by Component: Economic Sectors and Region/Country of Origin)

	M & Q			M & P			A F F			T & C	
	Inflow	Outflow	Net	Inflow	Outflow	Net	Inflow	Outflow	Net	Inflow	Outflow
Unremitted Profit											
U K	0	0	0	254782	0	254782	0	0	0	94	0
USA	2224	0	2224	33374	8155	25219	0	0	0	0	0
W E	3267	0	3267	108754	0	108754	13402	0	13402	48877	0
Others	0	0	0	1253816	7358	1246458	0	0	0	0	0
Total	5491	0	5491	1650726	15513	1635213	13402	0	13402	48971	0
Changes in Foreign Share Capital											
U K	0	0	0	89194	1083	88111	0	0	0	320	0
USA	0	0	0	0	0	0	0	0	0	0	0
W E	2016	0	2016	33360	0	33360	0	0	0	0	0
Others	0	0	0	317736	0	317736	0	0	0	0	0
Total	2016	0	2016	440290	1083	439207	0	0	0	320	0
Trade and Supporters											
Credit	869	0	869	79488	10514	68974	0	0	0	0	171
U K	72661	185939	-113278	5373	0	5373	0	0	0	5856	0
USA	0	0	0	200494	37696	162798	0	26626	-	195536	0
W E	0	0	0	0	0	0	0	0	26626	0	0
Others	73530	185939	-122409	285355	48210	237145	0	26626	0	201392	171
Total									-		
									26626		
Liabilities to Head	0	514	-514	0	47205	-47205	0	0		0	0
Office	18355	353990	-335635	0	350	-350	0	0		5038	0
U K	30971	0	30971	7803	18813	-11010	0	0	0	0	3774
USA	0	0	0	48560	9197	39363	0	0	0	0	0
W E	49326	354504	-305178	56363	76165	-19802	0	0	0	5038	3774
Others									0		
Total									0		
	0	0	0	126762	4157	122605	0	0		0	149
Other foreign	15682	1507286	-	1515	0	1515	0	0		0	0
liabilities	0	0	1491604	4798	67418	-62620	61352	0	0	0	1221
U K	0	0	0	0	0	0	0	0	0	0	0
USA	15682	1507286	0	133075	71575	61500	61352	0	61352	0	1370
W E			-						0		
Others			1491604						61352		
Total	869	514		550226	62959	487267	0	0		563	171
	108922	2047215		40262	9105	31157	0	0		10894	0
TOTAL	36254	0	355	355209	123927	231282	74754	26626	0	24534	124118
U K	0	0	-	1620112	16555	1603557	0	0	0	0	0
USA	146045	2047729	1938293	2565809	212546	2353263	74754	26626	48128	257091	124289
W E			36254						0		
Others			0						48128		
Total			-								
			1901684								

Source: Central Bank of Nigeria (2005), *Economic and Financial Review* Vol. 16, December

While Table Two presents and analyses data on FDI in Nigeria between 1985 and 1993 defined, classified, and categorized as unremitted profit, changes in foreign share capital, trade and suppliers' credit, liabilities to head office and other foreign liabilities, Table Three, the concern of this subsection, relates these FDI components to key sectors of the Nigerian economy. It is thus an attempt to capture FDI components within the critical sectors of the Nigerian economy. The key sectors of the Nigerian economy here presented include: (a) mining and quarrying (M & Q), (b) manufacturing and processing (M & P), (c) agriculture, forestry and fisheries (AFF), (d) transport and communications (T & C), (e) building and construction (B & C), (f) trading and business services (T & S), and (g) miscellaneous activities (MISC).

In the table, the inflow of unremitted profit from the United States in 1991 in (M & Q) is over N2.2 billion, while that of Western Europe is over N3.2 billion, and UK and Others nil. In (M & P), the changes in foreign share capital from the UK in the same year, 1991, is over N8.9 billion while that of the United States is nil and Western Europe, over N3.33 billion. In (AFF), the inflow for all the countries: UK, USA, Western Europe and Others, is nil. With the exception of the UK with a record of N320 million in 1991 in (T & C), United States, Western Europe and Others record nil. However, in (B & C), the trade and suppliers' credit inflow for Western Europe is over N47.8 billion. In (T & S), the liabilities to head office net range from nil from the UK to N-150.7 million, N-319 million and N-30.3 billion for the United States, Western Europe and Others.

The figures in this table are indeed very revealing. First, it reveals the fact that MNCs do not just invest in any economy, the Nigerian economy inclusive. With nil investment in agriculture, forestry and fishery, the largest sector that offers employment to the vast majority of Nigerians, it only confirms the fact that the destinies of Nigerians are in their hands. Second, the large sums of unremitted profit (inflow) of UK, USA, Western Europe and Others in the total value of N25.4 billion, N3.33 billion, N10.87 billion, and N1.2 trillion respectively and in (M & P) offer reliable information on the specific targets of the MNCs in the Nigerian economy. The pseudo-capitalist nature of the Nigerian economy is here confirmed and its dependent on the global forces of imperialism.

4.16.4 Table Four: Cumulative FDI in Nigeria by Country/Region of Origin

Country/Region of Origin	Year	Paid-Up Capital Plus Reserves (1)	Other Liabilities (2)	Total (1) + (2)	Percentage Distribution of Total (4)
United Kingdom	1987	2454.7	3053.4	5508.1	55.1
	1988	2605.2	2119.7	4724.9	41.7
	1989	3464.7	2789.8	6254.5	57.4
	1990	4313.1	2514.9	6828.0	65.4
	1991	4820.6	2427.0	7247.6	59.2
United States	1987	623.2	575.3	1198.5	12.0
	1988	927.3	1807.5	2734.8	24.1
	1989	1236.3	-593.5	642.8	5.9
	1990	1923.2	-1713.9	209.3	2.0
	1991	2028.4	-2855.1	-826.7	-6.8
Western Europe Excluding U.K	1987	1063.3	990.1	2053.4	20.5
	1988	1208.2	1304.6	2512.8	22.2
	1989	1453.9	986.7	2440.6	22.4
	1990	1801.9	-292.2	1509.7	14.5
	1991	2350.8	489.3	2840.1	23.2
Others (Unspecified)	1987	670.1	563.5	1233.6	12.3
	1988	754.5	612.2	1366.7	12.1
	1989	1059.8	502.1	1561.9	14.3
	1990	1225.2	663.3	1888.5	18.1
	1991	2834.2	148.6	2982.8	24.4
Total	1987	4811.3	5182.3	9993.6	100.0
	1988	5495.2	5844.0	11339.6	100.0
	1989	7214.7	3685.1	10899.8	100.0
	1990	9263.4	1172.1	10435.5	100.0
	1991	12034.0	210.0	12244.0	100.0

Source: Central Bank of Nigeria (2005), *Economic and Financial Review* Vol. 16, December

In Table Four above, the figures indicate FDI in cumulative terms (paid-up capital plus reserves and other liabilities). Two other columns of the table, columns 3 and 4, provide information relating to the sum of paid-up capital plus reserves and other liabilities on the one hand, and the percentage distribution on the other. In 1985, paid-up capital plus reserves from the UK is N1.97 billion and increases consistently to N2.11 billion in 1986, N2.45 billion in 1987, N2.60 billion in 1988, N3.46 billion in 1989, and N6.82 billion in 1993. That of the United States, Western Europe and Others reflects the same pattern. Other liabilities from UK interestingly fall from the peak of N3.05 billion in 1987 to N2.51 billion in 1990, and further to N2.42 billion in 1991. It suddenly rises to N2.66 billion in 1922, and much further to an impressive N4.61 billion in 1993. For the United States, while it increases from N389.1 million in 1985 to N857.9 million in 1986, and falls to N575.32 million in 1987, it increases significantly to over N1.8 billion in 1988 and falls again to an abysmally low level of N-593.5 million in 1989, and further down to N-2.8 billion until it phenomenally increases to N3.76 billion in 1992 and further to N5.61 billion in 1993.

The percentage distribution of total puts the United Kingdom on top. In 1987 for example, UK has 55.1%, with the United States having 12.0%, Western Europe, 20.5%, and Others, 12.3%. In 1990, UK again has the highest of 65.4%, United States, 2.0%, Western Europe, 14.5% and Others, 18.1%. The dominance of the United Kingdom in both the volumes of paid-up capital plus reserves and other liabilities can be explained from the legacy of colonial rule and the consequent attachment of the Nigerian economy to the British economy. Until recent times, most regimes in Nigeria deliberately designed and implemented policies that tended to cement the old colonial relations between Nigeria and the United Kingdom.

4.16.5 Table Five: Cumulative FDI in Nigeria Analyzed by Type of Activity

Type of Activity	Year	Paid-Up Capital Plus Reserves (1)	Other Liabilities (2)	Total (1) + (2)	Percentage Distribution of Total (4)
Mining and Quarrying	1987 1988 1989 1990 1991	413.2 413.9 460.0 516.8 524.3	1847.0 2989.1 176.7 574.3 -1334.8	2260.2 3403.0 636.7 1091.1 -810.5	22.6 30.0 5.8 10.5 -6.6
Manufacturing and Processing	1987 1988 1989	2174.9 2596.0 3537.4	947.4 1041.0 1869.0	3122.3 3637.0 5406.4	31.2 32.1 49.6

	1990	4937.4	1401.5	6338.9	60.7
	1991	7011.8	1680.4	8692.2	71.0
Agriculture, Forestry and Fisheries	1987	115.3	2.0	117.3	1.2
	1988	119.1	9.8	128.9	1.1
	1989	121.5	13.3	134.8	1.2
	1990	330.0	4.7	334.7	3.2
	1991	343.4	39.4	382.8	3.1
Transport and Communications	1987	33.3	42.3	75.6	0.8
	1988	104.5	56.1	160.6	1.4
	1989	105.0	53.2	158.2	1.5
	1990	182.9	57.6	240.5	2.3
	1991	232.2	141.0	373.2	3.0
Building and Construction	1987	163.0	299.6	462.6	4.6
	1988	173.0	319.7	492.7	4.3
	1989	198.4	283.4	481.8	4.4
	1990	299.4	444.2	743.6	7.1
	1991	381.2	1090.4	1471.6	12.0
Trading and Business Services	1987	1580.8	1815.7	3396.5	34.0
	1988	1724.0	1409.7	3133.7	27.6
	1989	2308.6	1188.6	3497.2	32.1
	1990	2478.8	-768.4	1710.4	16.4
	1991	2695.9	-1243.7	1452.2	11.9
Miscellaneous	1987	330.8	228.3	559.1	5.6
	1988	364.7	18.6	383.3	3.4
	1989	483.8	100.9	584.7	5.4
	1990	518.1	-541.8	-23.7	-0.2
	1991	845.2	-163.2	682.0	5.6
Total	1987	4811.3	5182.3	9993.6	100.0
	1988	5495.2	5844.0	11339.2	100.0
	1989	7214.7	3685.1	10899.8	100.0
	1990	9263.4	1172.1	10435.5	100.0
	1991	12034.0	209.5	12243.5	100.0

Source: Central Bank of Nigeria (2005*), Economic and Financial Review* Vol. 16, December

Table Five presents, in cumulative terms, FDI in Nigeria analyzed by type of activity. Manufacturing and processing, mining and quarrying, as usual, take the lead in both the volumes of paid-up capital plus reserves and other liabilities in the years under review. The share of manufacturing and processing of paid-up capital plus reserves increase from N406.3 million in 1985, to N413.2 million in 1986, and all through till it reaches a peak of N929.7 million in 1993. For manufacturing and processing, it increases from N2.1 billion in 1987 for example, to over

N2.5 billion in 1988, and jump to over N4.9 billion in 1990 and to over N7.0 billion in 1991 until it reached a peak of over N10.40 billion in 1993. Other liabilities, with the exception of the unimpressive figure of N-1.33 billion in 1991, and the crash from over N2.9 billion in 1988 to N176.7 million in mining and quarrying sector of the Nigerian economy, however, improve consistently from N949.4 million in 1987, to over N1.04 billion in 1988 and reaches a recognizable level of N7.68 billion in 1991 in the manufacturing and processing sector. The trading and business services sector as well witness some remarkable improvements. The paid-up capital plus reserves increase from N1.58 billion in 1987 to N2.30 billion in 1989, and further to N2.69 billion in 1991, and N2.75 billion and N2.97 billion in 1992 and 1993 respectively. The table clearly confirms the nature and character of FDI in the Nigerian economy and its role in further shaping the broad character of the Nigerian economy. Until the current era of the general systems of mobile telecommunications (GSM), and the massive investments in the oil and gas and the banking and finance sectors, FDI targeted the manufacturing and processing and the mining and quarrying sectors. One should further point out the fact that the manufacturing was (and still is) largely limited to assembly plants, and the processing to foods such as beverages.

4.16.6 Table Six: FDI (Cumulative) in Manufacturing and Processing Sector Analyzed by Type of Activity

FOREIGN LIABILITIES (EXCLUDING PAID-UP CAPITAL PLUS RESERVES): CURRENT AND LONG-TERM (CUMULATIVE) BY TYPE OF ECONOMIC ACTIVITY AND COUNTRY/REGION OF ORIGIN (1987 – 1991)

Type of Activity	Year	United Kingdom			United States of America			Western Europe (Excluding U.K.)		
		Current Liability (1)	Long Term Liability (2)	Liability (1) + (2) (3)	Current Liability (1)	Long Term Liability (2)	Liability (1) + (2) (3)	Current Liability (1)	Long Term Liability (2)	Liability (1) + (2) (3)
Mining and Quarrying	1987	372839	1374824	1747663	-245709	832188	586479	299722	-788813	-489091
	1988	375023	1374077	1749100	-19111	2265417	2246306	528773	-1536983	-1008210
	1989	364295	1373282	1737577	-3083750	2779883	-303867	278109	-1537983	-1258874
	1990	366995	1373282	1740277	-8148853	8110489	-38364	^12201	-1087371	-1129572
	1991	367350	1273282	1740632	-8396146	6417265	-1978881	-42201	-1056400	-1098601
Manufacturing and Processing	1987	90540	69285	159825	130492	12807	143299	200532	216971	417503
	1988	82881	86363	169244	170284	120732	291016	233773	133489	367262
	1989	254454	677552	932006	254324	193184	447508	228920	941%	323116
	1990	-97913	777617	679704	208099	182009	390108	168413	27701	196114
	1991	-59167	883246	824079	211317	184729	396046	196579	88704	285283
Agriculture, Forestry & Fisheries	1987	1403	65	1468	-11794	0	-11794	8976	-3424	5552
	1988	9555	-1341	8214	-11794	0	-11794	8976	-3424	5552
	1989	9555	-1341	8214	-11794	0	-11794	12539	-3424	9115
	1990	3109	1405	4514	-11794	0	-11794	7639	-3424	4215
	1991	3109	1405	4514	-11794	0	-11794	-19308	-3424	38942
Transport and Communications	1987	9046	16847	25893	2663	4784	7447	-594	9861	9267
	1989	9046	16857	25893	2663	4989	7652	8255	-5834	2421
	1990	6629	15464	22093	-13871	4989	-«948	6881	3340	10221
	1991	6607	15464	22071	-2977	4923	1946	69561	13298	82859
Building and Construction	1987	-43510	27207	-16303	5319	10451	15770	167199	99338	266537
	1988	-42135	49139	7004	5319	10451	15770	132062	99389	231451
	1989	-44125	-117069	-161194	5319	1454	19866	179603	179342	358945
	1990	-40953	-118541	-159494	5319	1454	19866	-69587	590834	521247
	1991	-40953	-71018	-111971	5319	1434	19866	-36595	1153864	1117269
Trading and Business Services	1987	1219746	-118493	1101253	106295	-288220	-181925	290773	415987	706760
	1988	561293	-413380	129913	458615	-989859	-531244	1191591	420401	1611992
	1989	536430	-431103	105327	545932	-1107441	-561509	1350580	149536	1500116

	1990	529206	-435179	94027	9678	-1107292	-1097614	1320036	-1266334	53702
	1991	504960	-440707	64253	9911	-1102366	-1092455	1386193	-1266334	119859
Miscellaneous	1987	38786	-5149	33637	22461	-6518	15943	34766	38867	73633
	1988	36326	-5927	30399	176587	-386870	-210283	54415	38924	93339
	1989	-178150	320198	142048	196718	-388136	-191418	54191	-2275	51916
	1990	-186979	320827	133848	-580671	-386554	-967225	54191	-2275	51916
	1991	-436995	320459	-116536	-413090	223180	-189910	-251908	195346	-56562
Total	1987	1688850	1364586	3053436	9727	565492	575219	1001374	-11213	990161
	1988	1031989	1087778	2119767	782563	1024860	1807423	2154506	-849876	1304628
	1989	951505	1838366	2789871	-2090588	1497026	-593562	2112197	-1125442	986755
	1990	580094	1934875	2514969	-8532093	6818122	-1713971	1445372	-1737529	-292147
	1991	344911	2082131	2427042	-S597460	5742278	-2855182	1302321	-813272	489049

Source: CBN (2005), *Economic and Financial Review* Vol. 16, December

Table Six above shows cumulative FDI in the manufacturing and processing sector of the Nigerian economy. It is instructive to ask the question: Why does the study consider it necessary to single out this sector for analysis? What is clear from the previous tables is that any study and examination of the volume, nature and pattern of FDI in Nigeria including the factors that help to stimulate and attract it, should, as a matter of scientific scrutiny, place the manufacturing and processing sector within a context that would in turn help to know the character of the Nigerian economy and the rise and fall in the volumes of FDI in Nigeria. The knowledge of the latter is important for the purpose of arranging policy priorities at encouraging FDI.

The paid-up capital and other liabilities are here considered in relation to important segments of the sector such as food products, beverages, tobacco products, textiles, wearing apparel, leather and fur products, footwear, wood and wood products, printing and publishing, petroleum refineries, industrial chemicals, etc. In 1985, for example, paid-up capital in other chemical products is N18.7 billion, while that of printing and publishing which is next to it is only N4.59 billion, and wood and wood products a little over N1 billion.

Other liabilities of foot wear increase consistently and progressively from the initial figures of N4.9 billion and N4.77 billion in 1986 and 1987 respectively, to N5.37 billion in 1989. It falls to N3.59 billion in 1990, and picks up again to N4.97 billion in 1991 and N7.49 billion in 1992. It further crashes to N5.42 billion in 1993. The paid-up capital of paper and paper products increases progressively from N1.37 billion in 1986 and N1.71 billion in 1987, to N1.92 billion in 1988 and N2.12 billion in 1989, and further to N2.95 billion in 1990 and N5.5 billion in 1993. While the paid-up capital in petroleum refineries is negative and poor all through 1986 to 1992, there is however, a remarkable improvement of N650 million in 1993, the year that the Babangida administration came to an end.

4.8.7 Net FDI Analyzed by Type of Activity and Region of Origin

NET FOREIGN PRIVATE INVESTMENT IN NIGERIA ANALYSED BY TYPE OF ACTIVITY AND REGION OF ORIGIN (1967-1991)
(N '000)

		United Kingdom			United States of America			Western Europe (Excluding UK)		
Type of Activity	Year	Paid-up capital plus Reserves (1)	Other liabilities (2)	Total (1) + (2) (3)	Paid-up capital plus Reserves (1)	Other liabilities (2)	Total (1) + (2) (3)	Paid-up capital plus Reserves (1)	Other liabilities (2)	Total (1) + (2) (3)
Mining and Quarrying	1987	0.0	590.8	590.8	0.0	-550.8	-550.8	0.0	-290.2	-290.2
	1988	0.3	1.4	1.7	0.4	1659.8	1659.8	0.0	-519.1	-519.1
	1989	32.3	-113	20.8	0.6	-2550.2	-2550.2	13.2	-250.7	-2375
	1990	0.0	2.7	2.7	0.0	265.5	265.5	56.8	129.3	186.1
	1991	0.0	0.4	0.4	22	-1940.5	-1940.5	5.3	31.0	36.3
Manufacturing and Processing	1987	155.4	28.8	184.2	18.3	54.4	72.7	20.7	-23.8	-3.1
	1988	57.3	9.4	66.7	187.9	147.7	335.6	103.9	-50.2	53.7
	1989	576.0	7628	1338.8	105.5	156.5	26ZO	51.0	-44.1	6.9
	1990	548.5	-2523	296.2	590.5	-57.4	533.2	1425	-127.0	15.5
	1991	342.9	144.4	487.3	25.2	6.0	31.2	142.2	89.2	231.4
Agriculture, 1987	0.0	0.0	0.0	0.0	-11.8	-11.8	0.6	0.3	0.9	
Forestry & Fisheries	1988	1.7	6.7	8.4	0.0		0.0	0.0	0.0	0.0

	1989	0.0	0.0	0.0	0.0	0.0	0.0	0.1	3.5	3.6
	1990	204.7	-3.7	201.0	0.0	0.0	0.0	2.7	-19	-2.2
	1991	0.0	0.0	0.0	0.0	0.0	0.0	13.4	34.7	48.1
Transport and Communications	1987	0.5	-3.1	-2.6	0.0	-1.9	-1.9	22	-25	-0.3
	1988	0.1	0.0	0.1	70.2	0.2	70.4	0.5	-6.0	-5.5
	1989	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.8	-0.8
	1990	68.3	-3.8	64.5	0.0	-16.6	-16.6	8.8	7.8	16.6
	1991	0.4	-0.1	0.3	0.0	10.9	10.9	48.9	726	121.5
Building and Construction	1987	1.0	-21.8	-20.8	0.0	-1.7	-1.7	1.2	-18.2	-17.0
	1988	1.9	23.3	25.2	0.0	0.0	0.0	7.7	-35.1	-27.4
	1989	4.5	-168.2	-163.7	0.4	4.1	4.5	17.6	127.5	145.1
	1990	9.3	1.7	11.0	0.0	0.0	0.0	75.7	1623	238.0
	1991	15.5	47.5	63.0	0.0	0.0	0.0	70.3	596.0	666.3
Trading and Business Services	1987	178.0	^95.1	-317.1	78.6	211.9	290.5	53.4	471.6	525.0
	1988	82.9	-971.3	-888.4	44.1	-349.3	-305.2	8.6	905.2	913.8
	1989	166.1	-24.6	141.5	190.9	-30.3	160.6	143.8	-111.9	31.9
	1990	13.0	-11.3	1.7	74.2	-536.1	-461.9	61.5	-1446.4	-1384.9
	1991	138.5	-29.8	108.7	1.7	5.2	6.9	31.1	66.2	97.3
Miscellaneous	1987	0.2	-0.5	-0.3	27	17.3	20.0	0.2	9.0	9.2
	1988	6.3	-3.2	3.1	1.5	-226.2	-224.7	24.2	19.7	43.9
	1989	80.6	111.6	192.2	11.6	18.9	30.5	20.0	-41.4	-21.4
	1990	4.6	-8.2	-3.6	221	-775.8	-753.7	0.0	0.0	0.0
	1991	10.2	-250.4	-240.2	761.1	777.3	853.4	237.7	-108.4	129.3
Total	1987	335.1	99.1	434.2	99.6	-282.6	-183.0	78.3	146.2	224.5
	1988	150.5	-933.7	-783.2	304.1	1232.2	1536.3	144.9	314.5	459.4
	1989	859.5	670.1	1529.6	309.0	-2401.0	-2092.0	245.7	-317.9	-72.2
	1990	848.4	-274.9	573.5	686.9	-1120.4	-433.5	348.0	-1278.9	-930.9
	1991	507.5	-88.0	419.5	105.2	-1141.1	-1035.9	548.9	781.3	1330.2

Source: CBN (2005), *Economic and Financial Review* Vol. 16, December

Table Seven x-rays the net FDI (paid-up capital plus reserves and other liabilities) by the type of activity from the United Kingdom, United States, Western Europe and Others. Paid-up capital plus reserves from the UK in the mining and quarrying activity between 1987 and 1991 (with the exception of 1989) is generally nil, while there are marked improvements in the manufacturing and processing activity/sector. Apart from the low volume of N57.3 million in 1988, the figures of 1989, 1990 and 1991 are however, substantial. The total of UK's paid-up capital plus reserves and liabilities is at the maximum of N590.8 million in 1987.

Other liabilities from the United States, apart from in 1988 and 1990 when the volumes are over N1.6 billion and N265.5 million respectively, the volumes in 1987, 1989 and 1991 are all negatives. This pattern as well characterizes the miscellaneous activity. The paid-up capital plus reserves in the manufacturing and processing from the United States interestingly presents a different outlook as it reaches its peak of over N590 million in 1990 while at the same time maintaining its lowest volume of N18.3 million in 1987. Apart from the stable figures of N142.5 million and N142.2 million in 1990 and 1991, the paid-up capital plus reserves from Western Europe is at its lowest volume of N20.7 million in 1987 when it suddenly jumps to N103.9 million in 1988, but to fall to N51.0 million in 1989. Other liabilities from the UK, United States and Western Europe in both the transport, communications, building and construction sectors are generally negative and sparse in volumes.

What meanings do the figures add to the study, in particular to the explanations and interpretations of the events in which it is situated? The figures on net FDI classified and categorized as paid-up capital plus reserves and other liabilities, and distributed along the major sectors of the Nigerian economy, no doubt help in measuring or gauging foreign investors' responsiveness to the opportunities and limitations of a military regime that was characteristically deceitful in the implementation of its transition to civil rule programme. It again confirms the fact that foreign investors, just like every other investor, would respond positively to areas of any economy where the investment will be guaranteed, and dividends sustained.

4.8.8 Foreign Liabilities (Excluding Paid-Up Capital Reserves) Current and Long Term (Net) by Type of Economic Activity and Country/Region of Origin.

FOREIGN LIABILITIES (EXCLUDING PAID-UP CAPITAL RESERVES) CURRENT AND LONG-TERM (NET) BY TYPE OF ECONOMIC ACTIVITY AND COUNTRY/REGION OF ORIGIN (1987-1991)
(N'000)

		United Kingdom			United States of America			Western Europe (Excluding UK)		
Type of Activity	Year	Current Liability (1)	Long Term Liability (2)	Total Liability (1) + (2) (3)	Current Liability (1)	Long Term Liability (2)	Total Liability (1) + (2) (3)	Current Liability (1)	Long Term Liability (2)	Total Liability (1) + (2) (3)
Mining and Quarrying	1987	54082	536681	590763	-551271	458	37369	37369	-327553	-290184
	1988	2184	-747	1437	226598	1433229	229051	229051	-748170	-519119
	1989	-10728	-795	-11523	-3064639	514466	-250664	-250664	0	-250664
	1990	2700	0	2700	-5065103	5330606	-320310	-320310	449612	129302
	1991	355	0	355	-1693224	-1693224	0	0	30971	30971
Manufacturing and Processing	1987	2872	25967	28839	138110	-83742	-54368	-18532	-5253	-23785
	1988	-7659	17078	91419	39792	107925	147717	332w41	-83482	-50241
	1989	171573	591189	762762	84040	72452	156492	-4832	-39293	-44146
	1990	-352367	100065	-252302	^6225	-57400	-57400	-60507	-66495	-127002
	1991	38746	105629	144375	3218	5938	5938	28166	28166	89169
Agriculture, Forestry &: Fisheries	1987	0	0	0	-11794	0	-11794	5244	^900	344
	1988	8152	-1406	6746	0	0	0	0	0	0
	1989	0	0	0	0	0	0	3563	0	3563
	1990	-6446	2746	-3700	0	0	0	^900	0	-4900
	1991	0	0	0	0	0	0	-26947	61647	34727
Transport and Communications	1987	-162	-2940	-3102	-1949	64	-1885	-6413	3872	-2541
	1988	0	0	0	0	205	205	5510	-11535	-6025
	1989	0	0	0	0	0	0	3339	^160	-821
	1990	-2417	-1383	-3800	-16534	-66	-16600	-1374	9174	7800
	1991	-22	0	-22	10894	0	10894	62680	9958	72638
Building and Construction	1987	-21781	0	-21781	419	-2157	-1738	-6529	-16674	-18203
	1988	1375	21932	23307	0	0	0	-35137	51	-35086
	1989	-1990	-166208	-168198	0	4096	4096	7155	120339	127494
	1990	3172	-1472	1700	0	0	0	-249190	411492	162302
	1991	0	47523	47523	0	0	0	32992	563030	596022

Trading and Business Services	1987	398777	-893915	^95138	-199569	411514	211945	132624	338983	471607
	1988	-658453	-312887	-971340	352320	-701639	-349319	900818	4414	905232
	1989	-24863	277	-24586	87317	-117582	-30265	158989	-270865	-111876
	1990	-7224	^076	-11300	-536254	149	-536105	-30544	-1415870	-1446414
	1991	-24246	-5528	-29774	233	4926	5159	66157	5159	66157
Miscellaneous	1987	54	-548	-494	7454	9819	17273	8859	144	9003
	1988	-2460	-778	-3238	154126	-380352	-226226	19649	57	19706
	1989	-214476	326125	111649	20131	-1266	18865	-224	-41199	-41423
	1990	-8829	629	-8200	-777389	1582	-775807	0	0	0
	1991	-250016	-368	-250384	167581	609734	777315	-306099	197621	-108478
Total	1987	433842	-334755	99087	-618600	335956	-282644	152622	-6361	146241
	1988	-656861	-276808	-933696	772836	459368	1232204	1153132	-838665	314467
	1989	-80484	750588	670104	-2873151	471166	-2400985	-82695	-235178	-317873
	1990	-371411	96509	-274902	-6441505	5321096	-1120409	-666825	-612087	-1278912
	1991	-235183	147256	-87927	-65367	-1075844	-1141211	-143051	924257	781206

Source: Central Bank of Nigeria (2005), *Economic and Financial Review* Vol. 16, December

Table Eight presents current and long-term (net) foreign liabilities (excluding paid-up capital reserves) of FDI in Nigeria between 1987 and 1991. The total (current plus long term) liability of the UK in the mining and quarrying sector in 1987 alone doubles all the regions when combined together. This is over N59 billion. It however, falls dramatically to N1.43 billion in 1988 and N-11.52 billion in 1989, and suddenly rises to N2.7 billion in 1990 and to again fall abruptly to N355 million in 1991. For the United States, with the exception of 1987 and 1988 which record total liabilities of N37.36 billion and N22.90 billion respectively, years 1989, 1990 and 1991 are generally in the negative. In the manufacturing and processing sector, the United Kingdom takes the lead as well. Her total liability increases consistently from N28.8 billion in 1987 to N91.4 billion in 1988 and falls to N76.2 billion in 1989. It declines significantly to N-25.2 billion in 1990 and to again increase to over N14.4 billion in 1991.

FDI in agriculture, forestry and fisheries were negative in pattern with slight (though significant) difference in the trading and business services sector. While total liability in the mining and quarrying sector between 1987 and 1991 for Others is nil each year, there are however, remarkable improvements in the trading and business services and miscellaneous sectors between 1987 and 1991. Again, what do the figures collectively indicate about the character and nature of FDI in Nigeria? The figures confirm the fact that foreign investors only continued to respond to sectors of the Nigerian economy which they consider as more likely to yield more dividends than in the official argument of "creating favourable investment climate". As it presently stands, no amount of tax holidays and other incentives would most likely lure foreign investors into the agriculture sector.

4.8.9 FDI (Cumulative) in Manufacturing and Processing Sector Analyzed by Type of Industry

Type of Industry	1987			1988			1989		
	Paid-Up Capital Plus Reserves (1)	Other Liabilities (2)	Total (1) + (2) (3)	Paid-Up Capital Plus Reserves (1)	Other Liabilities (2)	Total (1) + (2) (3)	Paid-Up Capital Plus Reserves (1)	Other Liabilities (2)	Total (1) + (2) (3)
ISIC 312- Food Products	223213	144237	367450	252240	141097	393337	265175	189266	454441
ISIC 313- Beverages	199792	39477	239269	2085850	39759	245609	610354	22425	632779
ISIC 314- Tobacco Products	99698	64697	164395	112853	70867	183720	110517	74847	185364
ISIC 321- Textiles	474300	59489	533789	527136	46131	573267	640703	56808	697511
ISIC 322- Wearing Apparel	11382	31097	42429	11332	31097	42429	38870	14568	53438
ISIC 323 - Leather and Fur Products	9665	10213	19878	10640	10213	20853	11393	10213	21606
ISIC 324- Footwear	7089	4776	11865	8270	4776	13046	8754	5370	14124
ISIC 331- Wood and Wood Products	16330	1535	17865	17975	3652	21627	18971	4016	22987
ISIC 332- Furniture and Fixtures	42667	9371	52038	42895	9371	52266	42895	516676	559571
ISIC 341 - Paper and Paper Products	17155	22511	39666	19227	21543	40770	21223	29834	51057
ISIC 342- Printing and Publishing	74599	14115	88714	261474	14115	275589	261622	6)32	267654

ISIC 351 - Industrial Chemicals	17216	17857	35073	17216	164135	181351	127806	164824	292630
ISIC 352 - Other Chemical Products	213099	107631	320730	243150	83895	327045	294766	126946	421712
ISIC 353 - Petroleum Refineries	-2789	-2446	-5235	-2789	-2446	-5235	-2789	-2446	-5235
ISIC 354 - Miscellaneous Petroleum									
and Coal Products	6778	-5316	1462	6997	-5316	1681	6997	-5316	1681
ISIC 355- Rubber Products	72713	125628	198341	97455	114031	211486	97471	172557	270028
ISIC 356- Plastic Products	5755	15684	21439	8361	17044	25405	81892	74162	156054
ISIC 361- Pottery, China and Earthenware	2932	3569	6501	7629	3706	11335	7706	7118	14824
ISIC 362- Glass and Glass Products	9964	-3503	6461	9452	-5899	3553	9038	-2841	6197
ISIC 369 - Other Non Metal Mineral									
Products	160458	67320	227778	188007	59944	247951	222411	111400	333811
ISIC 371- Iron and Steel	63752	26733	90485	66198	25802	92000	66291	25772	92063
ISIC 372- Non-Ferrous Metals	7541	-1862	5679	8520	-1624	68%	25893	-19840	6053
ISIC 381 - Metal Products (Fabricated)	86504	70678	1571182	98255	65699	163954	102192	68843	171035
ISIC 382 - Non-Electrical Machinery	9424	18709	28133	9218	18709	27927	10625	18634	29259
ISIC 383 - Electrical Machinery	39924	27615	61609	39691	37298	76989	58621	69518	128139
ISIC 384 - Transport Equipment	111709	26948	138657	128693	17677	146370	178065	70494	248559
ISIC 385 - Professional and Scientific									
Equipment	285	-1551	-1266	285	-1551	-1266	285	-1551	-1266
ISIC 390- Other Manufacturing Industries	198888	82303	282191	199998	87330	287328	219878	90683	310561
TOTAL	2175063	977515	3152578	2596228	1071055	3667283	3537625	1899012	5436637

Source: Central Bank of Nigeria (2005), *Economic and Financial Review* Vol. 16, December

Table Nine presents cumulative FDI in the manufacturing and processing sector of the Nigerian economy between 1985 and 1993. Before any analysis is made, the questions have become important to ask: Why do we need to again focus specifically on the manufacturing and processing sector? And what is the relationship between the focus and the thesis of the study? The table, when critically examined, provides an exhaustive analysis of the components of the manufacturing and processing sector of the Nigeria economy in such a manner that every required detail is revealed about the pattern of FDI in Nigeria. The type of industry under the manufacturing and processing sector is twenty-eight in all, ranging from food products through beverages to tobacco products and others. And to the second question, it is important to as well know the extent to which the policies of economic adjustment and political liberalization have aided the inflow of FDI during the period of the study. Consequently, Table Nine contains two broad classes of information arranged horizontally and vertically and which can be further divided into both sides of our hands, right and left. Arranged horizontally on our left hand, is the type of industry which gives a total of twenty-eight. Also, arranged vertically on our right hand and distributed into three columns of a year are information relating to paid-up capital plus reserves (1) other liabilities, (2) and the total of (1) and (2) which is contained in the third column (3). The regions/countries of the world are not included.

In the 1987 figures, cumulative FDI in metal products (fabricated) of N15.7 billion is the highest, followed by textile which is N5.3 billion. There are significant investments in other chemical products (N3.2 billion) and also in food products (N3.6 billion). However, professional and scientific equipment and petroleum refineries record N-12.6 million and N-52.3 million respectively. By 1988, textile takes the lead with a cumulative FDI worth of N5.7 billion, and petroleum refineries and professional and scientific equipment at the lowest of N-52.3 million and N-12.6 million respectively. While the paid-up capital of petroleum refineries and other liabilities are generally negative during the years under review and consideration, furniture and fixtures are instead relatively stable and improve consistently from N5.2 billion in 1989. It however, drops to N2.3 billion in 1990 and 1991. Plastic products, pottery, China and earthenware are generally very low and in the average of a little over N2 billion. Non-electrical machinery and electrical machinery fluctuate in volume from N2.8 billion and N6.1 billion in 1987 to N2.7 billion and N7.6 billion in 1988, only to rise again to N2.9 billion and N12.8 billion in 1989.

4.8.10 Net FDI in Manufacturing and Processing Sector Analyzed by Type of Industry

Type of Industry	1987			1988			1989		
	Paid-Up Capital Plus	Other Liabilitie s (2)	Total (1) + (2) (3)	Paid-Up Capital Plus	Other Liabilitie s (2)	Total (1) + (2) (3)	Paid-Up Capital Plus	Other Liabilitie s (2)	Total (1) + (2) (3)
ISIC 312- Food Products	25027	16280	41307	29027	-3140	25887	12935	48169	61104
ISIC 313- Beverages	8483	890	9373	6058	282	6340	404504	-17334	387170
ISIC 314- Tobacco Products	16664	-95	16569	13155	6170	19325	-2336	3980	1644
ISIC 321- Textiles	58035	4239	63274	52836	-13358	39478	113567	10677	124244
ISIC 322- Wearing Apparel	0	0	0	0	0	0	27538	-16529	11009
ISIC 323- Leather and Fur Products	0	217	217	975	0	975	753	0	753
ISIC 324- Footwear	4091	73	4164	1181	0	1181	484	594	1078
ISIC 331-Wood and Wood Products	1623	0	1623	1645	2117	3762	9%	364	1360
ISIC 332- Furniture and Fixtures	0	0	0	228	0	228	0	507305	507305
ISIC 341- Paper and Paper Products	3365	149	3514	2073	-968	1104	19%	2891	10287
ISIC 342 - Printing and Publishing	27179	4792	31971	186875	0	186875	148	-8083	-7935
ISIC 351- Industrial Chemicals	6576	815	7391	0	146278	146278	110590	689	111279
ISIC 352- Other Chemical Products	16610	41326	57936	30051	-23736	6315	51616	43051	94667
ISIC 353- Petroleum Refineries	95	-20	75	0	0	0	0	0	0
ISIC 354-Miscellaneous Petroleum and Coal Products	1677	-2658	-981	219	0	219	0	0	0
ISIC 355- Rubber Products	27738	71785	99523	24742	-11597	13145	16	58526	58542
ISIC 356- Plastic Products	1904	7184	9088	2606	1360	3966	73531	57118	130649
ISIC 361- Pottery, China and Earthenware	555	-4	551	4697	137	4834	77	3412	3489
ISIC 362- Glass and Glass Products	2945	-5373	-2428	-512	-23%	-2908	-414	3058	2644
ISIC 369- Other Non Metal Mineral Products	19164	- 13017	6147	27549	-7376	20173	34404	51456	85860
ISIC 371- Iron and Steel	2820	-239	2581	2446	-931	1515	93	-30	36
ISIC 372- Non-Ferrous Metals	939	-331	608	979	238	1217	17373	-18216	-843
ISIC 381- Metal Products (Fabricated)	12323	10973	232%	11751	-1979	6772	3937	3144	7081
ISIC 382- Non-Electrical Machinery	-1460	2749	1289	-206	0	-206	1407	-75	1332
ISIC 383- Electrical Machinery	2761	-763	1998	5697	9683	15380	18930	32220	51150

ISIC 384- Transport Equipment	4997	-78418	-73421	16984	-9271	7713	19370	52817	102189
ISIC 385- Professional and Scientific Equipment	285	-1551	-1266	0	0	0	0	0	0
ISIC 390- Other Manufacturing Industries	9145	24298	33443	110	5027	5137	19880	3353	23233
TOTAL	253541	84301	337842	421165	93540	514705	191397	827957	1769354

Source: Central Bank of Nigeria (2005), *Economic and Financial Review* Vol. 16, December

In Table Ten above, years 1987, 1988 and 1989 for wearing apparel, petroleum refineries, miscellaneous petroleum and coal products, glass and glass products, professional and scientific equipment, and furniture and fixtures, at a glance, are generally very unimpressive. For food products, beverages, tobacco products, metal products (fabricated), it is the same pattern of fluctuations. For example, food products decline from N4.1 billion in 1987 to N2.5 in 1988, only to again rise to N6.1 billion in 1989. It however, falls abruptly from N71.4 billion in 1990 to N3.69 billion in 1991. Interestingly, beverages increase from N1.88 billion in 1990 to an astronomical high of N29.3 billion in 1991. Tobacco products fall abysmally from N4.3 in 1990 to N-717.7 million in 1991, and plastic products increase phenomenally from N10.8 billion in 1990 to N19.9 billion in 1991. The questions then arise: What meanings do the figures suggest and/or give? And how can the figures be interpreted, explained and analyzed from the tradition of the historical – analytical method? The pattern of fluctuations finds explanations in the existing general trends characterizing and describing the volumes and sectoral allocations of FDI in Nigeria which are no doubt related to the historical responsiveness of the Nigerian economy to the vicissitudes of the forces and processes of imperialism and global capitalism. Situating the explanations and interpretations of the figures further in history has the advantage of helping to contextualize and adequately account for the marked variations in the volumes and sectoral allocations of FDI in Nigeria according to regimes. The utility of the historical-analytical method as the intellectual framework with which the fluctuations are generally explained lies in its ability to identify the relationships and co-relationships that are specific to any event that is being explained.

4.9 Data Presentation and Analysis: The Volume and Sectoral Allocation of Foreign Direct Investments in Nigeria in the Periods immediately after 1993

Why is the emphasis on “immediately after 1993”? And what purpose does the phrase: “immediately after 1993” serve? The questions offer good starting point with which to further advance the thesis that is contained in the study. The emphasis on "immediately after 1993” is meant to capture an interesting point which will reveal itself in the body of the chapter later. Before then, it is important to state that the General Sani Abacha administration was clearly distinct, analysis wise, from the General Babangida administration which preceded it. It never formulated a rigorous policy to attract and stimulate FDI, yet it had the greatest in terms of volume than the Babangida administration. While both administrations initiated Transition to Civil Rule Programmes, yet the Sani Abacha Transition was the most ruthless as human rights were violated with impunity and the entire international community damned without considerations for the associated consequences. The fact that Nigeria recorded a great improvement in the volume of FDI, and that this happened under a regime that least respected the rule of law and of human civilization and dignity, not only reinforces the findings of Li and Resnick (2003), but that the whole ideas behind the understanding of “investment climate” need reconstruction and reformulation. The period immediately after 1993 spans 1993 to 1998, comprising the General Sani Abacha and General Abdulsalam Abubakar administrations. It is however, important to provide what is here considered as useful and inescapable background information about the General Sani Abacha administration. The information will help us to understand better the preconditions for the stimulation and attraction of FDI as contained in the diverse literature on the authoritarianism versus democracy debate.

The General Sani Abacha administration, without argument, was a product of the ploys of the military to dominate permanently the political and social space of Nigeria. Omoruyi (2000) has hinted of a clearly worked out arrangement between Generals Babangida and Abacha in which General Babangida would hand-over to General Abacha. Even though Omoruyi did not give sufficient and credible evidence to support his position, the fact still remains that going by the way in which things went, it might be true that such arrangement existed. The arrangement was alleged to have been worked out in August 1985 during the coup that brought General Babangida into power as the first ever military President of Nigeria. The annulment of the June 12, 1993 Presidential Election (the generally considered "freest and fairest" election in Nigeria's political history) by the General Babangida administration provided the platform with which the foundation of the General Sani Abacha administration was laid contrary to the impression created by Amuwo (2001) that General Abacha was a dullard. General Abacha, it is here noted, was one of the geniuses of the "games of politics" in Nigeria. As a truck-driver who rose through the rank to become an Army General and who never personally promoted himself, and who at the same time became a military Head of State and Commander-in-Chief of the Armed Forces in Nigeria, General Sani Abacha should be truly recognized as an excellent player of the "games of politics" in Nigeria.

According to Omoruyi (2000), General Abacha's emergence as Head of State could be due to his organizational ability and prowess as a military tactician and strategist. In his words: "…he not only created and led the Lagos Headquarters Group within the Army and excellently ensured that he alone was in the control of the troops, he as well skillfully used the Generals against themselves. Truly, he never featured in any of the Babangida Committees' on the implementation of the Transition to Civil Rule Programme, yet he was skillful at controlling and or influencing the outcomes of such committees' reports" Omoruyi (2000: 173). Not only "…was he a "master sniffer", General Sani Abacha, indeed, was a master planner and killer of "boys" who either refused, neglected or failed to do a proper homework on coup planning and execution. He was not only dreaded by his co-Generals, he was somebody to be afraid of". (Ibid: 173). Though not known as a "field commander", but more as someone who loved "suyah" with bottles of Guilder, General Sani Abacha, unserious as he appeared, however, understood the economics of the international relations to the extent that his "madness" and "improper conduct" made foreign investors, especially the MNEs to invest heavily in Nigeria without extending any invitation to them. He was as well the adopted presidential candidate of all the five political parties in Nigeria during his Transition to Civil Rule Programme. But for death, it was clear that General Abacha was to succeed himself.

For the purpose of the chapter, what were the defining characteristics of General Abacha's rule that made it to attract more FDI than any regime before it in Nigeria? How can the politics and methods of rule of the General Sani Abacha administration be explained and analyzed within the context of the theoretical preconditions necessary for the stimulation and attraction of FDI? What connection exists between the politics and methods of rule on the one hand, and the thesis that is being advanced in the study, on the other hand? More fundamental, what is the Nigerian conception of democracy that gave the General Sani Abacha administration its defining characteristics and elements? To begin with, the General Sani Abacha administration was characterized by disenchantments. Jega (2001) formulates what he calls "eight selected groups" with which the specific understanding of democracy by Nigerians can help to characterize the

General Sani Abacha administration in terms of “disenchantments”. The "eight selected groups” no doubt provide useful analytical frames with which the tensions and disenchantments that characterized the General Sani Abacha administration can be explained. According to him, they are: (a) the political class, (b) the business class, (c) religious groups, (d) traditional rulers, (e) the pro-democracy movement, (f) professional groups, (g) women’s groups, and (h) workers and peasants.

It is however, important to ask: What are the theoretical claims of Jega’s “eight selected groups” in the attempt to “understand the Abacha regime”? Jega’s intuitive formulations, it is here reasoned, are most likely much more profound empirical attempts to deal with, or extend Amuwo’s analytical insights on how to “understand the Abacha regime”- Amuwo (2001). Beyond the intellectual pre-occupation with theoretically mundane issues arising from the specific focus on the Nigerian State as a method of understanding the Abacha regime (the hallmark of Amuwo's insightful efforts), the "eight selected groups" of Jega provide the necessary fertile ground in which the General Sani Abacha administration can be described, characterized and analyzed. The justification for its adoption in the study emanates from the fact that it contains elements or properties that can be empirically tested. As analytical frames, they jointly help in the task of presenting and analyzing the politics and methods of rule of the Abacha regime.

In other words, Jega’s “eight selected groups”, as empirical frames, help in the recasting and reconstruction of the dominant and most prevalent views on the preconditions necessary for FDI attraction and stimulation. The Bretton Woods Institutions (BWI) had argued, especially following the World Bank Report of 1981, that the only way for Sub-Saharan African countries whose economies were in crises was to create favourable “investment climate” which included, among others, political and institutional reforms. Noting here that these “eight selected groups” alone could not have represented the whole of "mass space" or "mass publics" in which the "democratic space" of Nigeria can be defined or was defined under the General Sani Abacha administration, the fact still remains that these "eight selected groups" of Jega were (and still are) the most organized and conscious of all the groups that constitute(d) the "democratic space" of Nigeria. According to Jega (2001: 106): "For most of the members of the Nigeria political class, democracy means no more than transition from military to civilian rule, with the politicians in charge of the federal purse". The business class, according to Jega (2001: 109), "….offer the main ground swell of opposition to military rule, partly because military rule has been bad for business, especially from the ways in which successive regimes have mismanaged the Nigerian economy and vandalized state resources". With respect to religious groups, Jega (2001:110) further declares that: "The intensity of the Nigerian economic crisis and the role of the state in it, as well as the dynamics of social relations mediated by the state during the period have combined to heighten religious differences, among others, resulting in an increased incidence of conflicts".

Nigeria's traditional political authorities, as represented by the institutions of the Obas, Obis and Emirs, according to Jega (2001: 115): "are essentially patriarchal and authoritarian, embedded in relatively undemocratic traditional political cultures". However, by 1986, "an extensive popular democratic movement has emerged in Nigeria, which has been engaged …in the struggles …of….popular participation, empowerment, accountability and good governance, social democracy and social provisioning, and permanent removal of the military from the Nigerian political scene" (Ibid: 115 – 116). While Jega (2001: 124) conceded the fact that: "Nigerian professional associations have been active in democratic struggles in Nigeria, few, he maintains further: "…have a well-articulated conception of democracy. This may be largely because their involvement has essentially been compelled by changing fortunes and circumstances, occasioned by the economic crisis which engulfed the country in the early 1980s, and the subsequent introduction of the structural adjustment programme in 1986, with its devastating impact on their members". (Ibid: 115 – 116).

For the women's groups, according to Jega (2001), two versions existed. Women in Nigeria (WIN) for example, canvassed that the family be recognized as the basic school for democracy; while the National Council of Women Societies (NCWS) "…focused attention primarily on demands for the allocation of offices to women in legislatures, cabinets, at the bureaucracy of state and federal levels". (Ibid: 131). Labour however, present some contradictions in Nigeria's democratic struggles. According to Jega (2001: 132): "The role of organized labour in the Nigerian democratization process presents interesting features and contradictions". He continues: "The NLC became actively engaged in the politics of transition… The NLC president struggled very hard, albeit unsuccessfully, to be Abiola's running mate. When, eventually, the regime annulled the June 12th, 1993 presidential elections, the NLC leadership played a very contradictory and dubious role". (Ibid: 133). To what extent, it can now be asked, did the "eight selected groups" of Jega provide the intellectual framework with which to situate the democratic content in the "politics and methods of rule" of the General Sani Abacha administration, and in the understanding of the pre-conditions necessary for the attraction and stimulation of FDI? The activities of the "eight selected groups" no doubt help to give the Abacha administration its characterization. Since the "eight selected groups" were determined to "topple" the Abacha administration, the administration had no other option than to respond, and the response was generally catastrophic. The response was its politics, and the tactics and strategies employed were its "methods of rule".

Now to the difficult and the most important question: What connection exists between the politics and methods of rule of the Abacha administration and the thesis of the study? The connection can be situated in the theoretical analysis of “investment climate” in the whole body of the literature on the preconditions necessary for the stimulation and attraction of FDI. The World Bank in 1981 had suggested the need for political and institutional reforms in order to be able to attract and stimulate FDI on a sustainable basis. The question now arises: To what extent did the Abacha administration or its Transition to Civil Rule Programme provide opportunities for FDI attraction and stimulation? To be able to answer the question, one needs to urgently examine the State and the political economy of Nigeria under the General Sani Abacha administration.

The Nigerian State under the General Sani Abacha military dictatorship, moved away from the prebendal characteristic and description of Joseph (1991), the most common description of it, to what Lewis (1996) now calls “predation”. For Amuwo (2001: 3), under the Abacha administration,“…the Nigerian State had become severely criminalized and de-legitimized…"; and the entire military “…was systematically emptied of its nationalistic, puritanistic and altruistic characteristics of yesteryears…” (Ibid: 3). According to Lewis (1996: 99) power was “…typically concentrated in a single ruler or a narrow oligarchy at the apex of a clientelistic pyramid”. Justifying the characterization of the Abacha administration as predatory, Lewis (1996: 99) continues: “Public and private resources are welded as state assets come under the discretionary control of political elites and public office serves as a conduit for private accumulation”. According to Fayemi (1999: 71): “The Nigerian economy did not escape Abacha’s grip. He ran it as a personal fiefdom. Unlike Babangida who parcelled out the state to friends and mentors within the military, Abacha kept the spoils of office for himself and his family, a small coterie of his security apparatus and his small circle of foreign friends”.

4.9.3 The General Sani Abacha Administration: Domestic Economic Policies and the International Politics of Interests Maximization.

What were the domestic economic policies that the General Sani Abacha administration initiated? He never, with respect to the stimulation of FDI, initiated any domestic policies. But as a government, some policies, especially those meant to achieve fiscal discipline and fight corruption were introduced. Can any connection, in the practice of intellectual analysis, therefore be established between these policies and FDI attraction and stimulation? A connection, theoretically speaking, can be established, but not in the standard fashion of Babangida's introduction of economic diplomacy within the context of economic adjustment and political transition programmes. If nothing of the Babangida standard ever existed, what then is the significance of the subsection to the entire study? Two purposes are meant to be served. First, to provide opportunity for an indepth study and analysis of two regimes that look alike, but with a difference in the degree to which opposition or dissenting opinion was tolerated. Second, to help to develop the extent to which the Nigerian experience of the study can aid the process of either reconstructing or reformulating the theoretical view-points in the literature with respect to the preconditions for FDI attraction and stimulation.

Between 1994 and 1997, the domestic economic policies of the General Sani Abacha administration were generally regulatory (as opposed to the deregulation of the Babangida administration epitomized in the implementation of the Structural Adjustment Programme) however, with specific macroeconomic objectives as mostly stated in yearly budgets. Broadly they were meant to: (a) restore macro-economic stability, (b) stimulate growth in the productive sectors, and (c) generally improve confidence in the Nigerian socio-economic environment. These domestic economic policies were to however, specifically (a) restore fiscal discipline and improve financial transparency and accountability, (b) achieve exchange rate stability, (c) reduce the cost of borrowing in order to assist producers, (d) generate employment, and (e) increase capacity utilization. The examination of the effects (if any) of these policies on FDI in Nigeria can be looked at from three critical dimensions. These are: (a) the volume and effects of Nigeria's external debt, (b) foreign interests in the economy of Nigeria, in particular European interests, and (c) the imposition of sanctions. They have become important to identify and examine because they jointly provide the needed analytical frames and lenses with which to situate the Abacha administration in the global politics of interests' satisfaction and maximization.

Chevillard (2001) has however, documented the volume, structure and processes of Nigeria's external debt under the General Sani Abacha administration. We therefore need not be detained here. Notwithstanding, the focus of the ongoing analysis needs be placed on the issues arising form the external debts "over-hang" as it was then called. The issues are important in illustrating the point revolving around the politics of FDI during the Abacha era. Specifically, Nigeria's external debt generated the following issues which were no doubt part of the politics of the General Sani Abacha foreign policy. (1) Was the external debt of Nigeria inflated? Part of what the General Sani Abacha administration inherited was the position of the General Buhari administration on a rescheduling arrangement which the considered corrupt Shehu Shagari administration initiated with the IMF in 1983, but which remained unsigned and which the Buhari and Babangida administration insisted should be converted to promissory notes. (2) Was the average of 20 – 30 percent of Nigeria's export earnings per year fixed to service Nigeria's external debt enough to create the necessary external confidence in the Nigerian economy by foreign investors?

The burdens of the debts which totaled US $22.5 billion in 1995, and US $28.06 billion in 1996, were thought to be too much for a growing economy, especially in relation to the provision of new social infrastructure and the servicing of old ones. The fact also that part of the debts could not be verified and that their systems of collation and authentification were directed and controlled by mostly the creditors helped to nurse particular misgivings about the debts. All this perhaps helped to explain the attitude of General Sani Abacha to the forces and institutions of the international financial and economic system during this regime. Crucial to the ongoing analysis is the question: How do foreign interests, as earlier mentioned, help in the understanding of the position of the General Sani Abacha administration in relation to the politics and processes of the international economy between 1994 and 1997?

Foreign interests, without debate, are important to the chains of domestic policies in Nigeria. The General Sani Abacha administration was not therefore an exception to the rule. For the purpose of the study, emphasis is here placed on European interests in Nigeria between 1994 and 1997. Misser (2001: 235) observes that: "In spite of a decline in bilateral trade in recent years, Nigeria still remains the European Union's most important market and supplier in sub-Saharan Africa after South Africa". He continues: "Conversely, Europe fifteen is Nigeria's first trading partner, both for imports and exports." (Ibid: 235) And concludes thus: "An important fact in sub-Saharan Africa is that despite the decline of European investments in non-energy sectors, Nigeria is peculiar in that it is a country where the amount of investments exceeds the amount of European public assistance to development". (Ibid: 235). The question then arises: Of what strategic importance is Nigeria which made or compelled American and European interests to dialogue with the Abacha administration not minding the political repressions and human rights abuses that characterized the administration? The answer can be located in Nigeria's oil. Not understanding the fact that the American market is the primary market for the Nigerian oil, "…European companies play a more important role than American companies in the production of Nigerian crude oil". Consequently, Shell, which like its competitors has a joint venture agreement with the Nigerian National Petroleum Corporation (NNPC), provides half of the crude oil production, which slightly exceeded 1.8 million barrels/day at the end of 1994. In addition, Agip in collaboration with Phillip Petroleum and NNPC, produces 130,000 barrels, i.e. 7.2 percent of the total national production, while ELF Aquitaine produces 95,000 barrels, i.e. 5.2 percent of the total" (Ibid: 237).

Beyond oil, the issue of sale of weapons also featured. According to Misser (2001: 240): "Between 1991 and 1994, 80MBT-MK-3-type British made Vickers tanks, part of a 150 unit total order representing a 282 million dollar contract were supplied". He continues: "The World Development Movement (WDM), a London-based peace organization, in 1994 claimed that the British export insurance-credit organization, the Export Credit Guarantee Department (ECGD), gave coverage to the sale of weapons to Nigeria, despite the accusations of human rights' violations levelled against the country at the time". (Ibid: 240). The Italian company, Partenavia, despite the description of Nigeria as a pariah State under General Sani Abacha, negotiated with Nigeria a contract for the supply of about 30 reconnaissance aircrafts. The Austrian Company Steyr-Daimler Puch was equally alleged to have sold not less than 300 armoured personnel carriers to Nigeria. In 1993, France was also alleged to have supplied Panhard light armoured reconnaissance vehicles". (Ibid 241) It is important to emphasize the point that: "These sales were recorded within a context of keen competition involving other suppliers like Brazil, who supplied 75 EE9 type Cascavel light armoured vehicles in 1994". (Ibid: 241).

At this juncture, the question can be asked: what role does the issue of sanctions occupy in the strategic attempt at explaining how interests maximization and consolidation help in the shaping of the understanding of the global forces propelling the movement of international capitalism with specific reference to Abacha administration? In other words, why was the General Sani Abacha administration still able to attract a greater volume of FDI over and above the Babangida administration? Two approaches are hereby employed to be able to answer the question, and to as well point direction to the need for a review of the existing theories of FDI analysis, a point that was earlier hinted. In the first approach, attempt is made to probe the existing view points in the literature concerning strategic imposition and effectiveness of sanctions, especially in pursuing global and nation-states specific objectives in international relations. The second approach hopes to examine the specific sanctions that were imposed against the Abacha administration and why such sanctions failed to achieve the intended objective and instead brought more volumes of FDI.

Often times, sanctions of different varieties and intending consequences are imposed in the international system. Usually, they are either imposed by a group of countries in political cum strategic alliance, or by multi-lateral institutions. Since sanctions are to serve as punitive measures, in the pursuit of goals that are common to the alliance, their effectiveness generally demand that some conditions are met or satisfied. Among others, sanctions must be sudden, comprehensive and agreeable to the parties imposing them to be effective. Mansfield (1995) was specific on the factors that condition or influence the adoption and implementation of coercive measures. Among others, he emphasized "domestic pressure groups and international organizations to which members of the coalition belong (Ibid: 575 – 576). The question can now be asked: Were the sanctions jointly imposed by the European Union, South Africa, Canada and the United States in

November and December 1995 on the General Sani Abacha administration effective? The question can also be further asked: What does the examination of the imposition of sanctions as approached in the study intend to contribute to the understanding of the “games” of international capitalism in the Abacha era in Nigeria? These are questions that are of fundamental importance to the understanding of not just the international political economy, but also in the forces propelling it. Two other questions are important to the understanding of the implications of the two earlier raised for the study, and in answering the questions as well. These questions are: What were the sanctions imposed on the General Sani Abacha administration, and what were they intended to achieve?

While the sanctions largely reflected the dissatisfaction of the international community with the content, character and style of General Sani Abacha, they however, came with the execution of Ken Saro-Wiwa, an acclaimed environmentalist, and eight other Ogonis on 10th November 1995. The sanctions included: (a) the suspension of military assistance and economic and (b) denial of entry visas, especially for Nigerian officials (c) suspension of Nigeria from the Commonwealth for two years (d) likely expulsion of Nigeria from the Commonwealth if within two years the Abacha junta refused to transfer power to civilians and (e) restrictions on diplomatic privileges. Viewed critically, these sanctions were carefully designed not to affect Nigeria’s economic relations with the developed market economies. In other words, they were not sanctions that were meant to financially strangulate the General Sani Abacha regime. Instead, they were meant to force the Abacha administration to liberalize the Nigerian political space and not necessarily revalidate the 12th June 1993 Presidential Election.

What “games” of the international political economy, in particular international capitalism, did the sanctions portray? In 1995 when the sanctions were announced, the United States imported nearly 48 percent of Nigerian oil exports which amounted to approximately 8 percent of US oil consumption; European importers took about 31 percent of Nigeria's exported oil, Asian importers nearly 12 percent, while African importers accounted for less than 5 percent." (Sklar, 2001: 275). Approximately 50 percent of 2 million barrels which Nigeria produced in 1995 was produced by a subsidiary of the Royal Dutch/Shell Group (a British/Dutch Company), in partnership with the state-owned Nigerian National Petroleum Corporation (NNPC). The NNPC holds 55 percent of the equity; Shell has 30 percent and Elf Aquitaine (a French Company) holds 15 percent. Although Shell's Nigeria operations account for just 8 percent of its global production, its Nigerian output is second only to that of the North Sea among Shell operations throughout the World (Ibid: 275) In the Liquefied Natural Gas (LNG) business and in partnership with the NNPC, Shell holds approximately 25 percent, NNPC, 49 percent; Elf, 15 percent, Agip, 10 percent (Ibid: 275)

In the light of the above, what can now be said of the "preconditions for FDI attraction and stimulation"? The Nigerian experience under the General Sani Abacha administration points direction or signal to the importance of "foreign interests" first, in the understanding, and later in the management of those political conditions such as human rights abuses, lack of due process of law, lack of transparency etc, which are thought of, in theoretical terms, as being capable of discouraging FDI. General Sani Abacha was skilful in the management and manipulation of the flux of competing interests, both local and international. The creation of six new states in 1996, one in each of the six geopolitical zones, helped to strengthen his grip on political power. He was able to ward-off the effects of the sanctions on "…the combined support of a broad-based domestic political coalition and transnational business groups, mainly oil companies…" (Ibid: 280). FDI attraction and stimulation should therefore be located or situated within the "games of politics" that do regularly shape or influence the dynamics of international capitalism. While countries, through the traditional mechanisms of existing policies such as tax concessions and holidays, etc, compete for FDI, whether FDI is attracted or not seems to depend on the amount of protection that MNEs enjoy, or influence which they control and not necessarily in the existence of robust policies such as found in the contents of the Babangida "economic diplomacy". This is what the General Sani Abacha administration in Nigeria seems to be pointing at.

4.9.4 The Volume of FDI in Nigeria, 1993 – 98

Inflow of FDI by Country or Region of Origin, 1993 to 1998

TABLE ONE

FLOW OF FOREIGN PRIVATE CAPITAL BY ORIGIN

(N' million)

Year	United Kingdom			United States of America		
	Inflow (1)	Outflow (2)	Net flow (1 – 2) = (3)	Inflow (4)	Outflow (5)	Net flow (4 – 5) = (6)
1993	4,199.3	566.0	3,633.3	10,830.5	4,788.8	6,041.7
1994	1,272.5	135.8	1,136.7	2,542.0	1,154.4	1,387.6
1995	5,209.0	1,993.0	3,216.1	6,989.0	1,945.4	5,043.5
1996	1841.0	646.2	1,194.8	553.2	841.4	-288.2
1997	1,428.3	1,195.7	232.6	6,593.3	2,824.5	3,768.7
1998	18,048.3	3,910.1	14,146.4	747.0	1,615.4	-868.4

Source: CBN (2003), *Statistical Bulletin*, Vol 14, December.

TABLE ONE Cont'd

FLOW OF FOREIGN PRIVATE CAPITAL BY ORIGIN

(N' million)

Year	Western Europe			Others		
	Inflow (7)	Outflow (8)	Net flow (7 – 8) (9)	Inflow (10)	Outflow (11)	Net flow (10 – 11) (12)
1993	26,742.8	4,184.4	22,558.3	852.4	91.3	761.1

1994	1,287.0	1,554.4	-267.4	272.4	1,073.7	1,650.3
1995	41,541.3	3,256.3	38,285.0	2,260.0	127.5	2,132.6
1996	2,301.1	1,051.7	1,249.4	977.6	402.6	5750
1997	1,515.6	78.0	1,437.6	466.8	174.3	292.0
1998	2,331.8	184.7	2,147.1	11,307.4	2,653.6	8,653.6

Source: CBN (2003), *Statistical Bulletin*, Vol 14, December.

TABLE ONE Cont'd

FLOW OF FOREIGN PRIVATE CAPITAL BY ORIGIN

(N' million)

Year	Total		
	Inflow	Outflow	Net flow
1993	42,624.9	9630.5	32,994.4
1994	7,825.5	3,918.3	3,907.2
1995	55,999.3	7,322.3	48,677.0
1996	5,672.9	2,941.9	2,731.0
1997	10.004.0	4,273.0	5,732.0
1998	32,434.5	8,355.6	24,078.9

Source: CBN (2003), *Statistical Bulletin*, Vol 14, December.

Table One above provides information with respect to the volume of FDI by country or region of origin divided into five columns, with the United Kingdom, United States of America, Western Europe (excluding United Kingdom) and Others occupying columns one to four while column five gives the aggregate total of inflow, outflow and netflow. In 1993 for instance, inflow from the United Kingdom is over N4.1 billion, while that of the United States is over N10.8 billion. For Western Europe, inflow is over N26.7 billion while that of Others is over N852 million. Outflow from the United Kingdom is N566.0 million, while that of the United States is over N852 million. Outflow from the United Kingdom is N566.0 million, while that of the United States is over N4.7 billion. In the case of Western Europe, outflow is a little over N4.1 billion, while that of Others is N91.3 million.

As the inflow from the United Kingdom drops from the over N4.199 billion in 1993 to over N1.272 billion in 1994, it again rises to N5.209 billion in 1995, dropping again to N1.841 billion in 1996, further down to N1.4283 billion in 1997, only to phenomenally increase to N18.0483 billion in 1998. For the United States, inflow drops heavily from the impressive N10.8305 billion in 1993 to N254.2 billion in 1994, only to increase later to N6.989 billion in 1995. From the 1995 figure of over N5billion, it drops to a low bottom level or a little over N553 million in 1996, and again a significantly jump to over N6.5 billion in 1997, only to come down again to N747.0 million in 1998. In the case of Western Europe, inflow drop from the over N26.7 billion in 1993 to an abysmal level of N1.287 billion in 1994, only to increase to over N2.3 billion in 1996, further down to over N1.5 billion in 1997 and later increases marginally to a little over N2.3 billion in 1998. Inflow for Others increase consistently from the initial amount of N852.4 million in 1993 to over N2.7 billion and N2.2 billion in 1994 and 1995. Inflow falls to N977.6 million in 1996, and further to N466.8 million in 1997. It however, dramatically increases to over N11.3 billion in 1998. In aggregate terms, inflow falls from the over N42.6 billion in 1993 to a little over N7.8 billion in 1994, but to later increase to over N55.9 billion in 1995, falling drastically again to over N5.6 billion in 1996, only to jump to over N10 billion in 1997, and to over N32 billion in 1998.

4.9.3 Components of Net Flow, 1993 to 1998

TABLE TWO

COMPONENTS OF NET CAPITAL FLOW BY ORIGIN

(N' million)

Year	Unremitted Profit				
	United Kingdom	**U.S.A**	**Western Europe**	**Others**	**Total**
1993	1,416.1	252.9	733.6	331.9	2,734.5
1994	141.1	754.3	419.8	434.5	1,749.7
1995	3,023.8	640.0	488.7	276.3	442.6
1996	481.3	329.1	470.4	477.4	1,758.2
1997	748.4	130.9	777.4	285.8	1,942.5
1998	3,480.0	569.3	274.3	5,148.2	9,471.8

Source: CBN (2003), *Statistical Bulletin*, Vol 14, December.

TABLE TWO Cont'd

COMPONENTS OF NET CAPITAL FLOW BY ORIGIN

(N' million)

Year	Changes in Foreign Share Capital (Net)				
	United Kingdom	**U.S.A**	**Western Europe**	**Others**	**Total**
1993	291.7	3,938.7	723.4	57.6	5,011.4
1994	143.1	39.7	102.8	143.9	429.5
1995	345.0	71.2	10,369.4	72.6	10,858.1
1996	228.3	76.9	342.7	59.8	707.7
1997	133.4	22.3	235.8	70.0	461.5
1998	1,106.1	5.1	112.4	3,161.7	4,385.4

Source: CBN (2003), *Statistical Bulletin*, Vol 14, December.

TABLE TWO Cont'd
COMPONENTS OF NET CAPITAL FLOW BY ORIGIN
(N' million)

Year	Unremitted Profit				
	United Kingdom	**U.S.A**	**Western Europe**	**Others**	**Total**
1993	611.6	6,280.2	10,520.0	391.3	17,803.1
1994	151.9	745.3	62.l	746.1	214.8
1995	110.2	1,506.3	15,171.9	148.1	16,936.4
1996	115.5	-419.3	-388.6	157.0	-535.5
1997	-375.6	1,187.1	290.5	-30.2	1,071.8
1998	-2,928.3	172.5	1,768.0	1.3	-986.5

Source: CBN (2003), *Statistical Bulletin*, Vol 14, December.

TABLE TWO Cont'd
COMPONENTS OF NET CAPITAL FLOW BY ORIGIN
(N'Million)

Year	Other Foreign Liabilities				
	United Kingdom	U.S.A.	Western Europe	Others	Total
1993	1406.3	-4,171.6	-1.514.0	-26.4	-4,305.7
1994	15.0	267.7	-4.9	-68.4	209.4
1995	-592.2	2,618.2	4,955.1	1,161.7	8,342.8
1996	483.7	-80.1	174.2	1.1	579.0
1997	-256.8	-1,617.1	66.7	-0.4	-1,807.6
1998	24.3	-102.8	28.2	0.2	-50.1

Source: CBN (2003), *Statistical Bulletin*, Vol 14, December.

TABLE TWO Cont'd
COMPONENTS OF NET CAPITAL FLOW BY ORIGIN
(N' Million)

Year	Liabilities to Head Office (net)				
	United Kingdom	U.S.A.	Western Europe	Others	Total
1993	-92.3	-2586	-3. 4	6.7	1 1,751.1
1994	685.6	1,071 2	-3.4	394.2	1,303.8;
1995	329.3	7.8	-3.4	473.9	8,111.0
1996	-114.1	-194.8	-3. 4	-120.3	22I.6
1997	-16.7	4,045.5	-3.4	-33.2	4 ,062.9;
1998	12,396.0	-1,512.6	-3.4	342.4	11,189.9
1999	-	-904.0	-19.0	-10.3	-119,7
2000	-	-	-175.9	-100.5	-276.4
2001	0.2	-90.3	-19.0	-9.2	-118.3
2002	0.7	703.0	0,4	-3.0	701.2
2003	8.0	1,206.3	14.9	-4.0	1,233.2
2004	66.3	1,369.0	5.5	267.2	2,308.0
2005	866.2	1,779.7	7.2	347.4	3,000.4

Source: CBN (2003), *Statistical Bulletin*, Vol 14, December.

TABLE TWO Cont'd
COMPONENTS OF NET CAPITAL FLOW BY ORIGIN
(N' Million)

	Total				
Year	United Kingdom	U.S.A.	Western Europe	Others	Total
1993	3,633.3	6,041.8	22,558.2	761.1	32,994.4

1994	1136.7	1,387.6	-267.4	1,650.3	3,907.2
1995	3,216.1	5,043.5	38,285.0	2,132.5	48,677.0
1996	1,194.8	-288.2	1,249.4	575.0	2,731.0
1997	232.6	3,768.7	1,437.6	292.0	5,730.9
1998	14,146.4	-868.4	2,147.0	6,653.8	24,078.8
1999	1,235.6	-1,4695	1,261.0	771.9	1,779.1
2000	175.8	1,885.6	907.7	400.9	3,347 0
2001	2,673.7	-490.0	738.9	451.0	3,377.0
2002	4,027.9	-1,761.2	1,300.3	1,116.1	8,205.5
2003	6,045.6	2.918,4	2,161.0	1,930.7	13,056.5
2004	7,206.6	2,986.6	3,065.0	6,650.9	19,909.1
2005	9,368.6	3,882.6	3,984.5	8,646.2	25,881.8

Source: CBN (2003), *Statistical Bulletin,* Vol 14, December.

As indicated in Table Two above, the share of unremitted profit of over N2.7 billion in 1993 declines to over N1.7 billion in 1994. It again rises to over N4.4 billion in 1995, and goes down again to over N1.7 billion in 1996, and later increase to over N1.9 billion in 1997 and to over N9.5 billion in 1998. Changes in foreign share capital (net) fall from N5 billion in 1993 to a bottom level of N429.5 million in 1994. It however, jumps to over N10.8 billion in 1995. It falls significantly from the impressive 1995 figure to N707.7 million in 1996, and further to N461.5 million in 1997, before jumping again to over N4.3 billion in 1998. Trade and suppliers' credit falls abruptly from the over N17.8 billion in 1993 to N214.8 million in 1994, rising incredibly to over N16.9 billion in 1995. It is N535.5 million in 1996, and rises to over N1 billion in 1997 before falling back to N-986.5 million in 1998. Liabilities to head office fall from the over N11.7 billion in 1993 to over N1.3 billion and 1994, increasing almost seven times to over N8 billion in 1995. This is to later fall to N221.6 million in 1996, but jumps to over N4 billion in 1997 and to over N11.1 billion in 1998.

4.9.4 Cumulative Foreign Direct Investment Analyzed by Type of activity, 1993 to 1998

TABLE THREE
CUMULATIVE FOREIGN PRIVATE INVESTMENT IN NIGERIA/ANALYSED BY TYPE OF ACTIVITY

Year	Mining and Quarrying			
	Paid up Capital & Reserves	Other Liabilities	Total	% Distribution of Total
1993	929.7	26,757.2	27,686.9	41.5
1994	941.0	25739.0	26,680.0	37.7
1995	941.0	55,806.3	56,747.3	47.5
1996	1,262.7	55,529.6	56,792.3	46.3
1997	1,301.1	57,920.3	59,221.4	46.2
1998	1,387.4	58,583.1	59,970.5	39.3

Source: CBN (2003), *Statistical Bulletin*, Vol 14, December.

TABLE THREE cont'd
CUMULATIVE FOREIGN PRIVATE INVESTMENT IN NIGERIA ANALYSED BY TYPE OF ACTIVITY
(N' Million)

Year	Manufacturing and Processing			
	Paid-up capital & Reserves	Other Liabilities	Total	% Distribution of Total
1993	10,400.4	2,484.7	12,885.1	19.3
1994	11,176.8	2,883.1	14,059.9	19.9
1995	25,186.7	2,482.1	27,668.8	23.2
1996	27,063.1	2,751.2	29,814.3	24.3

1997	28,519.7	2,777.5	31297.2	24.4
1998	31,446.6	3,057.3	34,503.9	22.6

Source: CBN (2003), *Statistical Bulletin*, Vol 14, December.

TABLE THREE cont'd
CUMULATIVE FOREIGN PRIVATE INVESTMENT IN NIGERIA ANALYSED BY TYPE OF ACTIVITY

Year	Agriculture, Forestry and Fisheries			
	Paid up Capital & Reserves	Other liabilities	Total	% Distribution of total
1993	344.9	870.0	1,214.9	1.8
1994	344.9	863.6	1,208.5	1.7
1995	345.4	863.6	1,209.0	1.0
1996	345.4	863.6	1,209.0	1.0
1997	345.4	863.6	1,209.0	0.9
1998	345.4	863.6	1,209.0	0.8

Source: CBN (2003), *Statistical Bulletin*, Vol 14, December.

TABLE THREE cont'd:
CUMULATIVE FOREIGN PRIVATE INVESTMENT IN NIGERIA A MALYSED BY TYPE OF ACTIVITY (N Million)

Year	Transport and Communication			
	Paid up Capital and Reserves	Other Liabilities	Total	% Distribution of Total
1993	245.6	180.8	426.4	0.8
1994	247.5	182.1	429.6	0.6
1995	267.4	107.4	374.8	0.3
1996	261.6	224.0	485.6	0.4

1997	285.8	386.8	672.6	0.5:
1998	302.4	386.8	689.2	0.5

Source: CBN (2003), *Statistical Bulletin*, Vol 14, December.

TABLE THREE cont'd
CUMULATIVE FOREIGN PRIVATE INVESTMENT IN NIGERIA ANALYSED BY TYPE OF ACTIVITY (N' Million)

Year	Building and Construction			
	Paid up Capital & Reserves	Other liabilities	Total	% Distribution of Total
1993	521.6	-450.4	71.2	0.1
1994	645.3	1,062.6	1,707.0	2.4
1995	769.3	783.7	1,553.0	1.3
1996	840.5	1,023.8	1,864.3	1.5
1997	1,184.0	75.8	1,259.8	1.0
1998	3,811.7	76.6	3,888.3	2.6

Source: CBN (2003), *Statistical Bulletin*, Vol 14, December.

TABLE THREE cont'd
CUMULATIVE FOREIGN PRIVATE INVESTMENT IN NIGERIA *M* ALYSED BY TYPE OF ACTIVITY (N Million)

Year	Trading and Business Services			
	Paid up Capital & Reserves	Other liabilities	Total	% Distribution of total
1993	2,978.4	-1,113.9	1,864.5	2.8
1994	3,459.1	-1,211.5	2,247.6	3.2
1995	4,295.6	-1,304.9	2,990.7	2.5
1996	4,322.3	-653.6	3,668.7	3.0

1997	4,652.7	-1,027.0	3,625.7	2.8
1998	10,531.0	-70.5	10,460.5	6.9

Source: CBN (2003), *Statistical Bulletin*, Vol 14, December.

TABLE THREE cont'd
CUMULATIVE FOREIGN PRIVATE INVESTMENT IN NIGERIA ANALYSED BY TYPE OF ACTIVITY (N Million)

Year	Miscellaneous Services			
	Paid up Capital & Reserves	Other Liabilities	Total	% Distribution of Total
1993	18,755.2	3,882.8	22,638.0	33.9
1994	19,560.8	4,820.3	24,381.1	34.5
1995	19,856,9	8,991.1	28,848.0	24.2
1996	20,032.6	8,734.1	28,766.7	23.5
1997	20,243.6	10,802.6	31,046.2	24.2
1998	22,633.3	19056.2	41,689.5	27.4

Source: CBN (2003), *Statistical Bulletin*, Vol 14, December.

TABLE THREE cont'd
CUMULATIVE FOREIGN PRIVATE INVESTMENT IN NIGERIA A MALYSED BY TYPE OF ACTIVITY (N Million)

	Total			
Year	Paid up Capital & Reserves	Other Liabilities	Total	% Distribution of Total
1993	34,175.8	32,611.2	66,787.0	100
1994	36,375.4	34,339.2	70,714.6	100
1995	51,662.3	67,729.3	119,391.6	100
1996	54,128.2	68,472.7	122,600.9	100

1997	56,532.3	71,799.6	128,331.9	100
1998	70,457.8	81,953.1	152,410.9	100

Source: CBN (2003), *Statistical Bulletin*, Vol 14, December.

As shown in Table Three above, mining and quarrying receive a total investment of over N27.6 billion in 1993, about 51.7% of the total volume of investment in the same year. This is followed by manufacturing end processing which have a total investment of over N12.8 billion and about 24.1 % of the total volume of investment. Agriculture, forestry and fisheries and transport and communication sectors of the Nigerian economy in the same year, 1993 have a total investment volume of over N1.2 billion, about 2.3% and over N 126 million or about 0.0% respectively. For building and construction, it is over N71 million, about 0.1% of the total volume of investment in 1993. The trading and business services sector attracts over N1.8 billion, about 3.5% of the total volume of investment in 1993. Miscellaneous services attract over N9.3 billion in the same year, 1993 representing 17.5% of the total volume of investment. In 1994, mining and quarrying still maintain its lead in percentage and amount of volume of investment. It attracts over N26.6 billion, about 37.7%, while next to it, manufacturing and processing attract over N14 billion, representing 19.9 per cent of the distribution of total investment.

Agriculture, forestry and fisheries receive over N1.2 billion, about 1.7 per cent of the distribution of total volume of investment. Transport and communications increase marginally from the 1993 figure to over N429 million in 1994, about 0.6 per cent of the total volume of investment for the year. Foreign investment in the building and construction industry increases substantially in 1994 when compared to the previous year, 1993. From the over N71 million in 1993, it increases to over N1.7 billion in 1994, an increase of about 2.4 per cent. Investment in the miscellaneous services in 1994 is almost three times of the 1993 figure. It increases from the over

N9.3 billion n 1993 to over M24.3 billion in 1994, about 34.5 per cent of the total volume of investment. In 1995, the total volume of investment is over N119 billion.

Investments in mining and quarrying are over N56.7 billion representing 47.5 per cent of the total. Manufacturing and processing follow with over N27.6 billion, about 23.2 per cent of the distribution of the total volume of investment. Investments in agriculture, forestry and fisheries decline marginally to 1.0 per cent from the 1.7 per cent in 1994, while that of transport and communication increase marginally from 0.3 per cent in 1994 to 0.4 percent (about N485.6 million) in 1995. Investments in mining and quarrying increase marginally in 1996 when compared to the 1995 figure. It rises from N56.74 billion in 1995 to overN56.79 billion in 1996 with a noticeable decline in percentage contribution of about 1.2 per cent. The percentage contribution declines from. 4.5 per cent to 4.3 per cent even though there is an increase in the amount of the volume of investment. Investments in manufacturing and processing increase marginally in 1996 from the 1995 figure, increasing by about 1.1 percent. Agriculture, forestry and fisheries and transport and communication exhibit the same pattern of marginal increase. The building and construction, trading and business services, and miscellaneous services, are also not left out of the pattern of marginal increases.

Investments in both 1997 and 1998 follow similar pattern of increase in amount without a corresponding increase in the percentage of the distribution of the total volume of investment. For example, investments in 1997 in the mining and quarrying increase from N59.2 billion in 1997 to N59.9 billion in 1998 with a percentage decline of about 6.8 per cent, from 46.1 percent to 39.3 percent. In similar vein, investments in the manufacturing and processing sector increase from N31.2 billion in 1997 to over N34.5 billion in 1998 without a corresponding percentage increase. In actual fact, the percentage declines from 24.4 percent to 22.6 percent. The pattern is however, different in the building and construction industry, trading and business services and miscellaneous services. For building and construction, the volume of investments increase from N1.2 billion in 1997 to over N43.8 billion in 1998, with a percentage increase of 1.0 per cent to 2.6 per cent. Investments in trading and business services increase as well from N3.6 billion to over 10.4 billion in both 1997 and 1998, with a corresponding percentage increase of 2.8 per cent to 6.9 per cent. Miscellaneous services increase from the over N31.0 billion in 1997 to over N41.6 billion in 1998. The percentage as well increases from 24.2 per cent to 27.4 per cent.

4.10 Foreign Direct Investment in Nigeria, 1998 - 2003

The analysis herein is based on the latest report of the Central Bank of Nigeria Survey on foreign private investment in Nigeria (see table four below). It is however, instructive to note that the figures compiled between 1998 and 2003 include the short period of the General Abudsalam Abubakar administration, and the whole period of the first tenure of the President Olusegun Obasanjo administration, 1999 – 2003.

4.10.1 Flow of Foreign Private Capital by Origin, 1998 - 2003

TABLE FOUR
FLOW OF FOREIGN PRIVATE CAPITAL BY ORIGIN
(N' million)

Year	United Kingdom			United States of America		
	Inflow (1)	Outflow (2)	Net flow (1 – 2) = (3)	Inflow (4)	Outflow (5)	Net flow (4 – 5) = (6)
1998	18,048.3	3,901.1	14,146.4	747.0	1,615.4	-868.4
1999	1,251.8	16.2	1,235.6	255.0	1,744.4	-1,489.4
2000	191.2	15.4	175.8	14,103.7	12,248.1	1,855.6
2001	2,680.0	5.0	2,675.0	255.0	775.0	-191.0
2002	4,029.6	2.3	4,027.3	2,148.9	386.9	1,762.0
2003	6,050.0	5.0	6,055.5	3,223.3	304.7	2,918.6

2004	7,227.1	19.9	7,207.2	3,023.2	36.2	2,987.0
2005	9,395.2	25.9	9,269.4	3,930.2	47.1	3,883.1

Source: CBN (2005), *Statistical Bulletin*, Vol 16, December

TABLE FOUR Cont'd
FLOW OF FOREIGN PRIVATE CAPITAL BY ORIGIN
(N' million)

Year	Western Europe			Others		
	Inflow (7)	Outflow (8)	Net flow (7 – 8) (9)	Inflow (10)	Outflow (11)	Net flow (10 – 11) (12)
1998	2,331.8	184.7	2,147.1	11,307.4	2,653.6	8,653.8
1999	1,463.8	202.8	1,261.0	1,064.9	293.0	771.9
2000	1,418.9	511.2	907.7	739.8	331.9	407.9
2001	861.0	120.0	741.0	1,111.0	659.0	452.0
2002	1,429.6	129.3	1,300.3	1,380.4	263.2	1,117.2
2003	2,211.8	50.6	2,161.2	2,045.6	114.8	1,930.8
2004	3,115.0	49.9	3,065.1	6,699.1	49.7	6,649.4
2005	4,049.5	64.9	3,984.6	8,708.8	64.6	8,644.2

Source: CBN (2005), *Statistical Bulletin*, Vol 16, December

TABLE FOUR Cont'd
FLOW OF FOREIGN PRIVATE CAPITAL BY ORIGIN
(N' million)

Year	Total		
	Inflow	Outflow	Net flow
1998	11,307.4	2,653.6	8,653.8
1999	1,064.9	293.0	771.9
2000	739.8	331.9	407.9
2001	1,111.0	659.0	452.0

2002	1,380.4	263.2	1,117.2
2003	2,045.6	114.8	1,930.8
2004	6,699.1	49.7	6,649.4
2005	8,708.8	64.6	8,644.2

Source: CBN (2005), *Statistical Bulletin*, Vol 16, December

In 1998, inflow from the United Kingdom amounts to over N18 billion, while its corresponding outflow is over N3.9 billion with a net flow of over N14 1 billion (see Table Four above) By 1999 this has declined to N191.2 million in 2000. It however, increases to over N2.6 billion in 2001, N4 billion in 2002 and further to N6 billion in 2003. Inflow from the United States which is as low as N255.0 million in 1999 rises suddenly to over 1414.1 billion in 2000, only to fall drastically to N285.0 million in 2001. It increases to over N2.1 billion in 200*2* and to over N3.2 billion in 2003. It is interesting to note that as the inflow is over N14.1 billion in 2000 its corresponding outflow is over N12.2 billion with a net of just over N1.8 billion. In the case of Western Europe inflow declines consistently from the initial N2.331 billion in 1998 to N1.463 billion in 1999, further to N1.418 billion in 2000 until it reaches a bottom level of N861 million in 2001 before rising to N1.429 billion in 2002 and N2.211 billion in 2003.

Inflow from Others declines drastically from the over N11.3 billion in 1998 to N1.064 billion in 1999 and further to N739.8 million in 2000. It however, picks up in 2001 when it rises to N1. 11 billion, and further to N1380 billion in 2002, before again falling toN1.011 billion in 2003. In aggregate terms, inflow in 1998 is over N32 billion. This however, declines to N44.0 billion in 1999, the commencement date of the return to civil rule. In 2000, aggregate inflow is over N16.4 billion which declines to over N4.9 billion in 2001, only to increase to over N8.9 billion in 2001, and to over N13.5 billion in 2003. Aggregate outflow in 2000 is N13.1 billion, and declines consistently until it reaches a bottom level of N^75.1 million in 2003.

4.10.2 Components of Net Capital Flow by Origin, 1998-2003

TABLE FIVE Cont'd
COMPONENTS OF NET CAPITAL FLOW BY ORIGIN
(N' Million

Year	Unremitted Profit				
	United Kingdom	U.S.A.	Western Europe	Others	Total
1998	3,480.0	569.3	274.3	5,148.2	9,471.8
1999	1,159.6	38.3	885.7	636.1	2,719.7
2000	157.0	0.0	820.4	315.8	1,293.0
2001	2,486.0	98.0	464.0	863.4	3,911.4
2002	3,729.0	163.0	641.3	1,265.4	5,798.7
2003	5,594.0	253.0	1,045.7	1,806.6	8,699.3
2004	5,960.0	263.9	1,090.0	5,903.5	13,217.4
2005	7,748.0	343.1	1,417.0	7,674.6	17,182.6

Source: CBN (2005), *Statistical Bulletin*, Vol 16, December

TABLE FIVE Cont'd
COMPONENTS OF NET CAPITAL FLOW BY ORIGIN
(N' Million

Year	Changes in Foreign Share Capital (Net)				
	United Kingdom	U.S.A.	Western Europe	Others	Total
1998	1,106.1	5.1	112.4	3,161.7	4,385.4
1999	66.2	0.0	39.4	272.2	377.8
2000	18.8	0.0	0.0	125.1	143.9

2001	176.0	0.0	39.0	-268.4	-53.4
2002	266.5	0.0	586.7	-76.7	776.5
2003	394.0	0.0	843.4	28.7	1,266.1
2004	434.6	36.7	1,677.8	335.3	2,504.4
2005	565.0	47.7	2,181.1	461.9	3,255.7

Source: CBN (2005), *Statistical Bulletin*, Vol 16, December

TABLE FIVE Cont'd
COMPONENTS OF NET CAPITAL FLOW BY ORIGIN
(N' Million

Year	Trade and Suppliers Credit (Net)				
	United Kingdom	U.S.A.	Western Europe	Others	Total
1998	-2,928.3	172.5	1,768.0	1.3	-986.5
1999	11.4	-135.3	105.1	-57.4	-76.2
2000	0.1	14,103.0	-5.5	255.6	14,353.9
2001	13.0	-134.0	-4.1	-99.0	-224.1
2002	32.5	873.6	11.0	-14.7	902.4
2003	48.8	1,350.7	46.0	16.0	1,461.5
2004	51.5	1,204.7	46.6	23.9	1,326.7
2005	67.0	1,566.1	60.6	31.1	1,724.7

Source: CBN (2005), *Statistical Bulletin*, Vol 16, December

TABLE FIVE Cont'd
COMPONENTS OF NET CAPITAL FLOW BY ORIGIN
(N' Million)

Year	Liabilities to Head Office (net)				
	United Kingdom	U.S.A.	Western Europe	Others	Total
1998	12,396.0	-1,512.6	-3.4	342.4	11,189.9
1999	-	-904.0	-19.0	-10.3	-119,7
2000	-	-	-175.9	-100.5	-276.4
2001	0.2	-90.3	-19.0	-9.2	-118.3
2002	0.7	703.0	0,4	-3.0	701.2
2003	8.0	1,206.3	14.9	-4.0	1,233.2
2004	66.3	1,369.0	5.5	267.2	2,308.0
2005	866.2	1,779.7	7.2	347.4	3,000.4

Source: CBN (2005), *Statistical Bulletin*, Vol 16, December

TABLE FIVE Cont'd
COMPONENTS OF NET CAPITAL FLOW BY ORIGIN
(N' Million)

Year	Other Foreign Liabilities				
	United Kingdom	U.S.A.	Western Europe	Others	Total
1998	24.3	-102.8	28.2	0.2	-50.1
1999	-1.6	-13,302.1	249.9	-68.7	-13,122.5
2000	0.1	-12,248.1	268.7	-3.5	-11,982.8
2001	-1.5	-363.7	259.0	-35.6	-142.0
2002	-0.8	20.7	61.7	-54.9	26.7
2003	-0.8	1084	211.8	75.4	396.4

2004	94.2	112.3	245.1	101.0	552.6
2005	122.5	146.0	318.6	131.3	718.4

Source: CBN (2005), *Statistical Bulletin*, Vol 16, December

TABLE FIVE Cont'd
COMPONENTS OF NET CAPITAL FLOW BY ORIGIN
(N' Million)

	Total				
Year	United Kingdom	U.S.A.	Western Europe	Others	Total
1998	• 14,146.4	-868.4	2,147.0	6,653.8	24,078.8
1999	1,235.6	-1,4695	1,261.0	771.9	1,779.1
2000	175.8	1,885.6	907.7	400.9	3,347 0
2001	2,673.7	-490.0	738.9	451.0	3,377.0
2002	4,027.9	-1,761.2	1,300.3	1,116.1	8,205.5
2003	6,045.6	2.918,4	2,161.0	1,930.7	13,056.5
2004	7,206.6	2,986.6	3,065.0	6,650.9	19,909.1
2005	9,368.6	3,882.6	3,984.5	8,646.2	25,881.8

Source: CBN (2005), *Statistical Bulletin*, Vol 16, December

In Table Five above, unremitted profit from the United Kingdom is over N43.4 billion in 1998, declining to as low as N157.0 million in 2000. It however, increases consistently from the initial N2.4 billion in 2001 to over N3.7 billion in .2002, and further to over N5.5 billion in 2003. For the United Stales, unremitted profit is N0.0 in 2000, and from there it increases marginally until it reaches N253.0 million in 2003. For Western Europe, unremitted profit maintains a double loop; from the N274.3 million in 1998 to average of over N800 million in both 1999 and 2000, before falling to N464.0 million in 2001 only to rise marginally to N641.3 million in 2002, and much later to over N1.04 billion in 2003. Changes in foreign share capital (net) decline consistently from N4.3 billion in 1998 to N-53.4 million in 2001. It however, increases to N776.5 million in 2002, and much later to over N1.2 billion in 2003. Out of the total amount of over N4.3 billion in 1998, United Kingdom has over N1.1 billion, with the United States having over N500.000, and Western Europe with over N112.4 million.

The trade and suppliers' credit (net) from the United Kingdom is N-2.928 billion in 1998, and for United States, it is N172.5 million in the same year. Western Europe dominates in 1998. It has over N1.7 billion, while Others have over N1 million. Other foreign liabilities (net) are almost negative throughout. From the over N24 million in 1998, trade and supplier's credit decline (with the exception of year 2000) negatively in 1999, 2001, 2002 and 2003 in the case of the United Kingdom. For the United States it depicts a similar pattern especially between 1998, 1999, 2000 and 2001. Western Europe stands out distinctly. From the small amount of N28.2 million in 1998 it increases consistently before dropping to N61.7 million in 2002 and to N211.8 million in 2003. Liabilities to head office (net) for the United Kingdom in 1998 is over N12.3 billion and declines abruptly until it rises to over N8 million in 2003. For the United States, with the exceptions of 2002 and 2003 when it records over N703 million and over N1.2 billion respectively, other periods: 1998, 1999 and 2000 are negative. In aggregate, the United Kingdom leads and followed by Others, Western Europe and the United States.

4.10.3 Cumulative Foreign Private Investment by Origin, 1998 - 2003

TABLE SIX
CUMULATIVE FOREIGN PRIVATE INVESTMENT IN NIGERIA
(N Million)

Year	**United Kingdom**			
	Paid-up	Other	Total	Percentage

	Capital Plus Reserves	Liabilities		Distribution of Total
1993	6,829.7	4,611.6	11,441.3	17.1
1994	7,113.9	5,464.1	12,578.0	17.8
1995	10,482.7	5,311.4	15,794.1	13.2
1996	11,192.3	5,796.6	16,988.9	133
1997	12,074.1	5,147.4	17,221.5	13.4
1998	16,728.5	14,639.4	31,367.9	20.6
1999	17,954.3	14,649.4	32,603.5	21.1
2000	18,130.1	14,649.2	32,779.3	20.8;
2001	20,792.1	14,660.2	35,452.3	22.0
2002	22,168.0	14,673.4	36,841.4	22.1
2003	27,037.6	14,728.0	37,737.9	21.6
2004	33,432.2	15,539.9	48,972.1	19.7
2005	4,174.5	16,473.0	58,218.2	21.6

Sources: - CBN (2003), *Statistical Bulletin*, Vol 14, December.
- CBN (2005), *Statistical Bulletin*, Vol 16, December

TABLE SIX cont'd
CUMULATIVE FOREIGN PRIVATE INVESTMENT IN NIGERIA
(N' Million)

	United States of America			
Year	Paid up Capital & Reserves	Other Liabilities	Total	% Distribution of Total
1993	6,433.0	5,618.8	12,051.8	18.0
1994	7,227.0	6,212.4	13,439.4	19.0
1995	7,938.2	10,544.7	18,482.9	15.5
1996	8,344.1	10,329.1	18,673.2	15.2

1997	8,497.4	13,944.6	22,442.0	17.5
1998	9,071.9	12,501.7	21,573.6	14.2
1999	9,110.2	10,973.9	20,084.1	13.0
2000	9,110.2	12,829.4	21,939.6	13.9
2001	9,208,2	13,418.4	22,626.6	14.1
2002	9,328.2	3,118.7	22,446.9	13.5
2003	9,578.3	15786.5	25,364.8	14.5
2004	9,878.9	18,472.0	28,350.9	11.4
2005	10,269.7	21,817.8	32,087.5	11.9

Sources: - CBN (2003) *Statistical Bulletin*, Vol 14, December.
- CBN (2005) *Statistical Bulletin*, Vol 16, December

TABLE SIX cont'd
CUMULATIVE FOREIGN PRIVATE INVESTMENT IN NIGERIA
(N' Million)

Year	Western Europe			
	Paid up Capital & Reserves	Other liabilities	Total	% Distribution of Total
1993	17,580.9	21,864.9	39,445.8	59.0
1994	18,103.5	21,074.9	39,178.4	554.0
1995	28,961.6	48,501.8	77,403.4	649
1996	29,774.7	48,938.0	78,712.7	64.5
1997	30,787.8	49,362.4	80,150.3	62.4
1998	31,174.5	51,122.8	82,279.2	54.0
1999	32,099.6	51,458.7	83,558.3	54.2
2000	32,920.0	51,546.1	84,466.1	53.6

2001	33,421.0	51,754.1	86,175.1	52.9
2002	34,172.5	52,159.1	86,324.4	51.8
2003	36,102.5	52,185.4	88,287.9	50.6
2004	38,869.5	52,482.7	91,352.2	36.7
2005	42,467.6	52,550.4	95,018.1	35.2

Sources: - CBN (2003), *Statistical Bulletin*, Vol 14, December.
- CBN (2005), *Statistical Bulletin*, Vol 16, December

TABLE SIX cont'd
CUMULATIVE FOREIGN PRIVATE INVESTMENT IN NIGERIA
(N' Million)

Year	Others			
	Paid up Capital & Reserves	Other Liabilities	Total	% Distribution of Total
1993	3,332.2	515.9	3,848.1	5.4
1994	3,931.0	1,587.8	5,518.8	7.8
1995	4,279.9	3,371.4	7,651.3	6.4
1996	4,817.2	3,409.0	8,226.2	6.7
1997	5,172.9	3,345.2	8,518.2	6.8
1998	13,482.3	388.0	17,171.8	11.3
1999	14,390.6	3,552.1	17,942.7	11.6
2000	14,831.3	3,519.1	18,350.4	11.7
2001	15,426.3	3,663.1	19,069.4	11.9
2002	16,393.3	4625.6	21,818.9	12.6
2003	18,331.7	4,728.0	23,059.7	12.6
2004	68,295.5	12,249.9	80,545.4	32.4

2005	71,892.6	12,628.3	84,520.9	31.3

Sources: - CBN (2003), *Statistical Bulletin*, Vol 14, December.
- CBN (2005), *Statistical Bulletin*, Vol 16, December

TABLE SIX cont'd
CUMULATIVE FOREIGN PRIVATE INVESTMENT IN NIGERIA
(N' Million)

Year	Grand Total Paid-Up Capital Plus Reserves	Other Liabilities	Total	Percentage Distribution of Total
1993	34,175.8	32,611.2	66,787.0	100
1994	36,375.4	34,339.2	70,714.6	100
1995	51,662.3	67,729.3	119,391.6	100
1996	54,128.2	68,472.7	122,600.9	100
1997	56,532.3	71,799.6	128,331.8	100
1998	70,457.2	81,952.4	152,409.6	100
1999	73,554.7	80,633.9	154,188.6	100
2000	74,991.6	82,543.8	157,535.4	100
2001	78,847.6	83,495.8	162,343.4	100
2002	82,062.0	84,569.6	166,031.6	100
2003	150,476.1	98,744.5	249,220.6	100
2004	166,375.1	103,469.6	269,844.7	100

Sources: - CBN (2003), *Statistical Bulletin*, Vol 14, December.
- CBN (2005), *Statistical Bulletin*, Vol 16, December

In Table Six above, the aggregate paid-up capital plus reserves and other liabilities for the United Kingdom increase consistently between 1998 and 2003, from the initial N31.36 billion to N37.73 billion, and from 20 .6 per cent to 21.6 per cent. The total cumulative from Western

Europe is almost three times of the United Kingdom yearly i.e. between 1998 and 2003. From the over N82 billion in 1998, total cumulative increases gradually to over N88 billion in 2003 and maintains more than half of the 50 per cent average between 1998 and 2003. For the United States of America, it as well increases gradually and consistently between 1998 and 2003 only that there is a repeated performance of the paid-up capital plus reserves in both 1999 and 2000. The total cumulative for the United States is over N21 billion in 1998, falls unnoticed to N20.0 billion in 1999, and rises immediately until it reaches over N25.3 billion in 2003. Total cumulative investment from the countries in the category of Others follow similar pattern. It increases from the over N17 billion in 1998 through over N21.8 billion in 2002 to over N23 billion in 2003. The grand total cumulative reaches over N178 billion in 2003.

4.10.4 Cumulative Foreign Private Investment Analysed by Type of Activity, 1998 – 2003

TABLE SEVEN
CUMULATIVE FOREIGN PRIVATE INVESTMENT IN NIGERIA ANALYSED BY TYPE OF ACTIVITY (N Million)

Year	Mining and Quarrying			
	Paid up Capital & Reserves	Other Liabilities	Total	% Distribution of Total
1993	929.7	26,757.2	27,686.9	41.5
1994	941.0	25739.0	' 26,680.0	37.7
1995	941.0	55,806.3	56,747.3	47.5
1996	1,262.7	55,529.6	56,792.3	46.3
1997	1,301.1	57,920.3	59,221.4	46.2
1998	1,387.4	58,583.1	59,970.5	39.3
1999	1,408.6	57,446.8	58,855.4	38.2
2000	1,408.6	59,302.3	60,710.9	38.5
2001	1,429.6	60,182.3	61,611.9	38.3

2002	1,429.6	60,182.3	61,611.9	37.0
2003	1,477.2	60,331.9	61,809.1	34.6
2004	1,646.5	60,499.2	62,499.2	24.9
2005	2,140.5	78,649.0	80,789.4	24.8

Source: CBN (2005), *Statistical Bulletin*, Vol 16, December

TABLE SEVEN cont'd
CUMULATIVE FOREIGN PRIVATE INVESTMENT IN NIGERIA Al
TYPE OF ACTIVITY (N Million)
ANALYSED BY

Year	Agriculture, Forestry and Fisheries			
	Paid up Capital & Reserves	Other Liabilities	Total	% Distribution of Total
1993	344.9	870.0	1,214.9	1.8
1994	344.9	863.6	1,208.5	1.7
1995	345.4	863.6	1,209.0	1.0
1996	345.4	863.6	1,209.0	1.0
1997	345.4	863.6	1,209.0	0.9
1998	345.4	863.6	1,209.0	0.8
1999	345.4	863.6	1,209.0	0.8
2000	345.4	863.6	1,209.0	0.8
2001	345.4	863.6	1,209.0	0.8
2002	345.4	863.6	1,209.0	0.7
2003	345.4	863.6	1,209.0	0.7
2004	345.4	863.6	1,209.0	0.5

2005	345.4	863.6	1,209.0	0.5

Source: CBN (2005), *Statistical Bulletin*, Vol 16, December

TABLE SEVEN cont'd
CUMULATIVE FOREIGN PRIVATE INVESTMENT IN NIGERIA ANALYSED BY TYPE OF ACTIVITY (N' Million)

Year	Transport and Communication			
	Paid up Capital & Reserves	Other Liabilities	Total	% Distribution of Total
1993	245.6	180.8	426.4	0.8
1994	247.5	182.1	429.6	0.6
1995	267.4	107.4	374.8	0.3
1996	261.6	224.0	485.6	0.4
1997	285.8	386.8	672.6	0.5
1998	302.4	386.8	689.2	0.5
1999	320.4	499.9	820.3	0.5
2000	320.4	499.9	820.3	0.5
2001	342.4	612.9	955.3	0.6
2002	890.4	845.9	1,736.3	1.0
2003	1,749.9	1,140,6	2,8905	1.6
2004	2,707.6	1,573.5	4,281.1	1.7
2005	3,519.9	2,045.6	5,565.4	1.7

Source: CBN (2005), *Statistical Bulletin*, Vol 16, December

TABLE SEVEN cont'd
CUMULATIVE FOREIGN PRIVATE INVESTMENT IN NIGERIA ANALYSED BY TYPE OF ACTIVITY (N' Million)

Year	Building and Construction			
	Paid up Capital & Reserves	Other Liabilities	Total	% Distribution of Total
1993	521.6	-450.4	71.2	0.1
1994	645.3	1,062.6	1,707.0	2.4
1995	769.3	783.7	1,553.0	1.3
1996	840.5	1,023.8	1,864.3	1.5
1997	1,184.0	75.8	1,259.8	1.0
1998	3,811.7	76.6	3,888.3	2.6
1999	3,905.1	90.8	3,995.9	2.6
2000	3,905.1	90.8	3,995.9	2.5
2001	3,985.1	226.8	4,211.9	2.6
2002	4,067.1	226.8	4,293.1	2.6
2003	4,249,7	296.1	4,545.8	2.5
2004	4,445.6	718.5	5,194.1	2.1
2005	5,779.3	934.1	6,713.3	2.1

TABLE SEVEN cont'd
CUMULATIVE FOREIGN PRIVATE INVESTMENT IN NIGERIA ANALYSED BY TYPE OF ACTIVITY (N' Million)

Year	Trading and Business Services			
	Paid up Capital & Reserves	Other Liabilities	Total	% Distribution of Total
1993	2,978.4	-1,113.9	1,864.5	2.8
1994	3,459.1	-1,211.5	2,247.6	3.2

1995	4,295.6	-1,304.9	2,990.7	2.5
1996	4,322.3	-653.6	3,668.7	3.0
1997	4,652.7	-1,027.0	3,625.7	2.8
1998	10,531.0	-70.5	10,460.5	6.9
1999	11,324.3	-397.0	10,927.3	7.1
2000	11,598.3	-397.0	11,201.3	7.1
2001	11,991.3	25.0	12,016.3	7.5
2002	12,581.3	-264.0	12,317.3	7.4
2003	13,463.6	993.71	14,457.3	8.1
2004	18,204.2	2,038.2	20,242.4	8.1
2005	23,665.5	2,649.7	26,315.1	8.1

TABLE SEVEN cont'd

CUMULATIVE FOREIGN PRIVATE INVESTMENT IN NIGERIA ANALYSED BY TYPE OF ACTIVITY (N' Million)

Year	Miscellaneous Services			
	Paid up Capital & Reserves	Other Liabilities	Total	% Distribution of Total
1993	266.5	3,882.8	22,638.0	33.9
1994	266.5	4,820.3	24,381.1	34.5
1995	266.5	8,991.1	28,848.0	24.2
1996	266.5	8,734.1	28,766.7	23.5
1997	266.5	10,802.6	31,046.2	24.2
1998	266.5	19056.2	41,689.5	27.4
1999	266.5	18,890.0	42,100.4	27.3

2000	266.5	18,956.2	42,237.6	26.8
2001	24,575.4	19,082.2	43,657.6	27.1
2002	26,486.4	19,023.2	45,509.6	27.3
2003	28,872.3	20,184.2	49,056.5	27.5

TABLE SEVEN cont'd
CUMULATIVE FOREIGN PRIVATE INVESTMENT IN NIGERIA ANALYSED BY TYPE OF ACTIVITY (N' Million)

Year	Total			
	Paid-up Capital & Reserves	Other Liabilities	Total	% Distribution of Total
1993	34,175.8	32,611.2	66,787.0	100
1994	36,375.4	34,339.2	70,714.6	100
1995	51,662.3	67,729.3	119,391.6	100
1996	54,128.2	68,472.7	122,600.9	100
1997	56,532.3	71,799.6	128,331.9	100
1998	70,457.8	81,953.1	152,410.9	100
1999	73,555.7	80,634.7	154,190.4	100
2000	74,992.2	82,544.6	157,536.8	100
2001	76,428.7	84,463.6	160,892.3	100
2002	82,062.0	84,569.6	166,631.6	100
2003	91,826.5	86,652.1	178,478.6	100
2004	157,865.6	91,355.0	249,220.6	100
2005	206,699.2	118,957.5	324,656.7	100

Source: CBN (2005), *Statistical Bulletin*, Vol 16, December

As shown in Table Seven above, total cumulative investment in the mining and quarrying sector increases from the over N59.9 billion in 1998 to over N61.8 billion in 2003. In comparative terms, it ranks higher than the total cumulative in manufacturing and processing within the same year of comparison. The total cumulative in agriculture, forestry and fisheries is the same throughout the years of study and analysis. It reads the same N1.209 billion in the years, 1998, 1999, 2000, 2001, 2002 and 2003. This is far much over than the total cumulative in the manufacturing and processing sector. It however, differs markedly from that of transport and communication. Between 1998 and 2003, the total cumulative in the transport and communication sector increases remarkably. From the initial N689.2 million in 1998 through N955.3 million in 2001, it increases to over N1.7 billion in 2002 and to overN2.8 billion in 2003. Total cumulative investment in the building and construction industry increases consistently as well. From the 1998 figure of over 143.8 billion, it increases to both N4.293 billion and N4.545 billion in 2003 with a percentage distribution ranging between 2.6 and 2.5 during the period. Finally, total cumulative investment in the miscellaneous services increases between the over N41 billion in 1998 to over N49 billion in 2003. Apart from a decline in percentage of 26.8% suffered in 2000, the percentage increases from 27.1 per cent in 2001 to 27.5 per cent in 2003.

4.11 Data Presentation and Analysis: Reporting the Fieldwork

The interview and questionnaire broadly focused on the extent to which the respondents were familiar with the volume and sectoral allocation of FDI in Nigeria between 1985 and 1993. The specific questions/included: (1) the respondents' understanding of the Babangida administration, (2) the respondents' evaluation of the philosophies of the twin policies of transitional adjustment programmes, (3) the respondents' understanding of the link which “economic diplomacy” had with the implementation of the programmes, (4) the respondents’ understanding of the forces, factors and processes of FDI attraction and stimulation in Nigeria (5) the respondents’ understanding of the forces, factors and processes of FDI attraction and stimulation within the context of “economic diplomacy” and implementation of the transition-adjustment programmes in Nigeria, (6) the respondents’ knowledge of the volume and sectoral allocation of FDI in Nigeria between 1985 and 1993, and (7) the respondents’ assessment/evaluation of the Babangida administration efforts at attracting FDI.

4.11.1 Analyzing and Presenting the Fieldwork

Question One: What is your understanding of the Babangida Administration?

All of the respondents gave uniform answer to the question on their understanding of the Babangida administration. They considered the administration as inevitable going-by the way and manner in which the Buhari/Idiagbon administration managed public affairs in Nigeria with high-handedness and utter disrespect to the rights of citizens. The Babangida administration was generally referred to as a “child of necessity”. They however, regretted the administration’s handling of the transition programme in particular. According to them, General Babangida (rtd) would have been an hero today if he had not annulled the June 12, 1993 Presidential Election. A respondent said: “Babangida would have been an hero if he had allowed the June 12, 1993 Presidential Election to stay”.

Question Two: How would you evaluate the philosophies of the transition-adjustment programmes?

The respondents differed in their evaluation. Twenty-two (22), representing 73.3 percent, admitted that the economy of Nigeria under the Babangida administration needed serious and fundamental restructuring and overhaul. Eight (8) out of the 22, representing 36.6 percent, however, objected to the restructuring of the BWI brand. They instead wanted a restructuring that should have transformed the Nigerian economy without necessarily leading to rationalization of workers and de-industrialization of industries. All the respondents (100 percent) supported the initiation of the transition to civil programme.

Question Three: **Was economic diplomacy important to the transition-adjustment programmes of the Babangida administration?**

Eight (8) of the respondents, representing 36.66 percent, accepted to the idea of economic diplomacy as providing the necessary international framework for the implementation of the adjustment-transition programmes of the Babangida administration. They remaining twenty-two (22), representing 73.33 percent, did not see the need. According to them, the conduct of foreign policies of countries should ordinarily involve striking a balance among the competing interests and values that regularly shape the interactions among states and individuals.

Question Four: **What are the forces, factors and processes of FDI attraction and stimulation?**

All of the respondents agree to the fact that incentives such as tax holidays, rule of law, transparent and efficient administration, reliable and efficient infrastructure, etc, existing together, are important to the attraction and stimulation of FDI.

Question Five: **How would you relate the understanding of the forces, factors and processes to the Nigerian environment under the Babangida administration?**

There were conflicting assessments of these incentives. While eighteen (18) of the respondents representing 60 percent recognized that in the area of favourable investment laws the Babangida tried to woo foreign investors, twenty-seven (27) representing 90 percent however, hold the view that corruption and unreliable infrastructure such as regular power supply explained why nothing remarkable was achieved. Twenty-two (22) representing 73.33 percent faulted the processes and procedures of FDI stimulation under the Babangida administration. Inter-ministerial cooperation, according to them, was difficult to achieve.

Question Six: Would you say that there was an increase in both the volume and sectoral allocation of FDI in Nigeria under the Babangida administration?

Twenty-five (25) of the respondents representing 83.33 percent hold the view that there was not a corresponding increase in both the volume and sectoral allocation of FDI in Nigeria under the Babangida administration. They hinged their viewpoint on the fact that there would have been massive employment, improved employment, improved living standards, improved management techniques, the transformation of the economy, among others, if indeed there was an increase in the volume and sectoral allocation of FDI. The remaining five (5) respondents representing 16.66 percent, relying on information from CBN Reports hold the view that there was an increase in both the volume and sectoral allocation of FDI in Nigeria under the Babangida administration: They however, described the increase as “substantial”.

Question Seven: **Comment freely or give a general assessment of the Babangida measures at stimulating FDI.**

The comments and assessments generally reflected the background of the respondents. Most of the respondents from the academia and research institutes (19 in all and representing 63.33 percent of total) were very critical of the Babangida administration and the initiatives/measures of stimulating and attracting FDI. They blamed the failure of the administration in stimulating FDI on corruption in both the processes of attracting FDI, and in the broad institutions of governance charged with the responsibilities, among others, of regulating conflicts and disputes between the state and foreign investors, between citizens and foreign investors and between foreign investors themselves. Government officials and representatives of the business and industrial groups however, attributed the inability of the Babangida administration to attract remarkable FDI to the failure of foreign investors to respond adequately to the measures and initiatives as formulated by the administration.

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CHAPTER FIVE

Findings and Discussion

5.1 Findings: The Key Points

1) The volume of FDI in Nigeria reflects the known pattern of general fluctuations even with the deliberate introduction of measures at stimulating and encouraging it, measures that are first ever in the annals of Nigerian history.

2) FDI is only concentrated in the areas of the Nigerian economy that foreign investors' consider profitable than in areas/sectors like agriculture and allied industries that have the potentials of massive employment and the attendant transformation of the Nigerian economy with the expected introduction of foreign technology.

3) FDI in Nigeria reflects the British colonial foundation of Nigeria, and the emerging dynamics of the forces, factors and processes of imperialism which the MNCs continue to promote, protect and sustain.

4) The tempo of economic activities in Nigeria during the study is dependent on the yearly volume of FDI.

5) The extent and volume of FDI in Nigeria depend on foreign investors' assessment of Nigeria's internal investment opportunities rather than on Babangida's administration articulated programme of FDI stimulation and attraction.

6) The pattern of FDI in Nigeria helps in shaping the nature and character of the Nigerian economy. In other words, there was an associated relationship between the pattern of FDI in Nigeria and the character of the Nigerian economy.

5.2 Discussion

Finding Number One:

The volume and sectoral allocation of FDI reflect the general fluctuating nature of FDI in Nigeria. One basic feature that runs through all the tables in Chapter Four of the study was the general rise and fall in both the volume and sectoral allocations of FDI in Nigeria. The Nigerian economy can be said to still largely depend not only on the vagaries of the international political economy alone, but on the attitudinal dispositions of foreign investors' as well. Foreign investors' attitudes, we now know, are linked to the totality of their emotions and sensibilities. Interestingly, these sensibilities twinkle just as the eyes regularly twinkle, which in turn affect how decisions relating to where to invest are arrived at. It is important to emphasize that the movement of international capital across the globe which is what FDI is, is largely about decisions relating to: (1) where capital should go to, (2) what amount or volume of it should go to which area of the world, and (3) the specific sector of the national economy. All these can be technically referred to as "investment decisions". They are as well governed by both the rules of interest and financial investment which are in turn daily determined by events as they unfold, and as the events are understood. The above helps to explain the general fluctuations in the volume and sectoral allocations of FDI in Nigeria.

Finding Number Two:

FDI in Nigeria between 1985 and 1993 was largely concentrated in the areas of the Nigerian economy that are linked to the processes of imperialism and international capitalism such as manufacturing and processing, trading and business services, and mining and quarrying. MNCs, through local lackeys and the establishment of local subsidiaries in the manufacturing and processing, among others, control the local production processes of items such as beverages, textiles, iron and steel, electrical and non-electrical machinery, etc, and in turn determine the prices in which these items are sold. Within the ever changing operational context of capitalism which the MNCs ensure that they continuously regulate, the profitability of any investment decision is therefore guaranteed. Further investment decisions become based on the extent to which the key factors help to promote the domination of an investment area or sector of a country's economy.

Finding Number Three:

FDI in Nigeria can be linked to the purpose of colonialism and the continuing imperial strategy to dominate the economy of Nigeria. It is here recalled that colonialism, rather than being a "civilizing mission", was purely economic and linked to the industrialization of Europe. Since the initial mission was to source for raw materials for the purpose of industrialization, it gives no surprise then that FDI was more in the extractive industries, which the mining and quarrying, and manufacturing and processing represented and still continue to represent. With increasing global competition among the European countries, and between them and the United States and Japan, and with the message of liberation which the Great October 1917 Russian Revolution brought, the nature of investment foundation of Nigeria changed slightly as attention became shifted to building and construction as a way of protecting the administrative headquarters and cities from falling into the hands of socialism. The imperial forces, through the activities of the MNCs, concentrated their investments into trading and business services as another means of cementing Nigeria with the metropolis. The local head-offices of their subsidiaries remain protected by the instruments of the State which they in turn make use of to continue to manipulate FDI in Nigeria. The area/country of origin, is still being dominated by the United Kingdom, United States and Western Europe.

Finding Number Four:

The yearly volume of FDI in Nigeria (during the study and after) determines the tempo of economic activities in Nigeria. Because the MNCs are ever growing in strength and strategy, their directors ensure that public officials (serving, retired and influential citizens) are captured through all kinds of manoeuvres (such as joint equity share holding, among others), and yearly budgets are made to either directly or indirectly lubricate the interests of the MNCs. MNCs determine, especially at the high technical and corporate levels, what jobs are created, and as well the mobility in the employment market.

Finding Number Five:

What was invested into the Nigerian economy in terms of volume and the specific area(s) of the Nigerian economy in which the investment went were the exclusive preserves of foreign investors', rather than being either a decision of the government of Nigeria (and any regime for that matter), or as packaged in the various investment incentives and guides. While the joint problems of epileptic power supply and the cost of meeting regular power supply affect the generation and sharing of information among the departments of government and individuals in Nigeria, the MNCs, through adept strategies and their organs in the information segment of the global economy, generate and transmit information about Nigeria, and within a system design, monitor and protect by them. Those who understand the workings of the international political economy are in most cases restricted to the four walls of classrooms of universities and boardrooms of research institutes, they therefore play little or no significant role in the design and implementation of policies aimed at attracting FDI. The research and development department (R & D) of the MNCs are serviced by consultants who play key role in investment decisions.

Finding Number Six:

The economy of Nigeria is dependent on FDI, and the nature of FDI shapes the character of the Nigerian economy. The Nigerian economy, to put it clearly, is foreign dependent for capital, technology, and management. This explains why the vicissitudes and vagaries of the international capitalist system creep into the Nigerian economy with ease.

Notwithstanding the discussion of the findings of the study as accomplished above, the question still remains: How can the discussion be made relevant to the needs of social science analysis? In other words, how can the understanding of the discussion be appreciated in such a manner that the purpose of scholarship is better served? There is the imperative need to integrate the findings within a holistic framework of interpretation that is capable of joining together all the points of explanation. Interestingly, this framework can be situated in the history and development of the Nigerian political economy. The findings above no doubt provided critical information that capture in broad terms the nature, character and dynamics of the contemporary Nigerian political economy. They are hence discussed within the broad thematic analyses of the critical processes that help to explain the contemporary nature and character of the Nigerian political economy which the Babangida administration inherited. These critical processes are in turn located in the foundation of the contemporary Nigerian economy, and in the various economic activities initiated by the competing European companies before their merger first into the chartered Royal Niger Company in 1879, and much later to the United African Company (UAC). The analysis that is here accomplished is divided into three: (1) the pre colonial, (2) the colonial, and (3) the post-colonial periods.

The Pre-colonial Period: To what extent does the pre-colonial social history of Nigeria condition or help to explain the contemporary nature and character of the Nigerian political economy? The question is remarkable in two instances. First it helps to place the understanding and analysis of the contemporary Nigerian political economy within a context which in turn helps to unravel the impact of the existing pre-colonial social formations in the chains of activities characterizing the contemporary patterns of the inherited mode of production, and the imposed social relations arising there from. Second, not only does it avail the analysis the opportunity of utilizing an approach to study which jointly emphasizes the interconnections between the mode and social relations of production, it as well allows the analysis to be rooted in the very philosophical question of serious methodological impact in the social sciences as a whole, the mind or matter debate.

Contrary to the conclusions of those who had thought that Africa (including Nigeria) had no history, it is now widely known that Africa (and indeed Nigeria), is both ruled and shaped by its pasts that can be said to be wholly indigenous. It is most likely that the unknown about Africa is probably more than what is known and being currently celebrated today. With respect to the issue of political economy, specifically the political economy of Nigeria, pre-colonial social formations such as the various kingdoms, princedom, republics, emirates, of the popular Hausa, Yoruba and Igbo cultures, among others, have largely shaped the contemporary nature and character of the Nigerian political economy. The question now arises: How have these formations, as socio-economic units of production, consumption and distribution, shaped the current or contemporary character of the Nigerian political economy? The question of how, one reiterates, is raised to help develop a scientific intellectual framework of explanation that is rooted in the rules of social research. The question will hence be engaged with here in the standard fashion of developing explanations that are convincing in their logic of presentation, and as well embedded in existing frameworks of analyses without compromising their identities.

But before then, what is the contemporary nature and character of the Nigerian political economy like? The argument here is that we must first know what specifically the nature and character of the Nigerian political economy is before the bigger task of explaining how the various pre-colonial socio-economic interactions have helped in the development of this nature and character. Again, before this is however, achieved it is considered much urgent to ask: what is the meaning of nature and character in social science patterned scholarship? In other words, what is hoped to be explained should in turn be situated within the epistemological context of explanations in the social sciences. It is only in this context, it is here argued, that any contribution to the world of scholarship on the very subject matter of the analysis of the pre-colonial social settings as explanations of the contemporary nature and character of the Nigerian political economy can be rested.

So, what is social science understanding of nature (form) and character as intellectual modes of descriptions and explanations? One recalls that "social behaviour" is the subject matter of social science analysis. Interestingly, social behaviour exhibits all patterns of character to the extent that the disciplines which in turn make or constitute the social sciences confine themselves to what are of interest to them. Consequently, social behaviour can be culturally, economically and politically expressed, among others. Notwithstanding, the social sciences are being united by how human behaviour constitute form and character in the explanations and analyses of social events. Consequently, the import and significance of turn and character in social science analyses are to help social scientists to develop an intellectual framework of reasoning with which all the wandered facts about human behaviour can be put together for the purpose of aiding comprehension and understanding in the attempt not to confuse the subject with the object of study. The nature and character of the Nigerian political economy are therefore the features which constantly help to describe the general problems of the underdevelopment of Nigeria within the global community. They include but not limited to dependent and fractured capitalism; under-employment and under-utilization of resources; poor capital base and physical infrastructure; youth unemployment and poor inter-sectoral linkages; mono culturalism; among others.

The big question now is: How have the various pre-colonial social formations helped in the characterization and description of the Nigerian political economy in terms of under-employment and under-utilization of resources, among others? Before attempts will made to answer the question, it is here observed that scholarly materials on the Nigerian pre-colonial political economy are generally scanty and scattered in diverse sources such as found in the works of Mason (1981), Nadel (1942), Afigbo (1980), Akinjogbin and Osoba (1980), Ogunremi (1980), Falola (1984), among others. These works, significant and important as they are, remain however, limited in scope because they cover only the major ethnic divisions of Nigeria: Hausa-Fulani, Igbo and Yoruba, leaving aside other ethnic subdivisions which as well contributed to the development of Nigeria's contemporary political economy. The only strength that can possibly be derived from the existing focus on the major ethnic pre-colonial social formations is perhaps the fact that they are more in terms of population and most likely also in terms of any attendant economic interactions.

The contribution of the Igbo pre-colonial social formation to the development of Nigeria's contemporary political economy can be demonstrated from two principal areas. According to Afigbo (1980: 1 – 2): "The first deals with the economic substructure on which Igbo society rested, the second with the extent to which economic factors determined the character of Igbo society and culture". Two issues and or problems of research now emerge. First, what was the economic substructure of the pre-colonial Igbo society like? Second, what were the emerging economic factors, and to what extent did they in turn help to condition a society that was indeed Igbo within the contemporary Nigerian social system? These questions are indeed crucial to any social science analysis of the part which the Igbo pre-colonial society contributed to today's nature and character of the Nigeria political economy.

The point of argument that is being consequently raised is that any understanding of the economic substructure of the pre-colonial Igbo society needs be situated in the very nature of the Igbo society in itself. In other words, it is only by examining the pre-colonial Igbo political society and or system that its economic substructure can be well understood. The concept of economic substructure, a Marxist terminology, is rooted in the very antagonistic processes in which social relations are generally characterized. The pre-colonial Igbo society was generally characterized by the division of the citizenry as "free-born" (amadi) and slave, and established as autonomous "village republics". The former had access to land, while the latter was denied access to land. According to Afigbo (1980: 3 – 4), "…there was no free born (amadi) who had not a piece of land over which be enjoyed usufructuary rights, and secondly there is no piece of land, not even that over which stood "bad bush", without an "owner". Consequently, three significant factors: (1) agriculture, (2) trade and (3) manufacture, help to explain the "Igbo economy" in the larger economy of contemporary Nigeria. In the pre-colonial Igbo society, agriculture was the most important economic activity which explains why, and according to Afigbo (1980: 2), "…every Igbo man and woman was a farmer". The ecological differentiation between the Northern Igbo and other areas surrounding it, equally explains why trading activity was inevitable. Manufacturing followed trade as the pre-colonial Igbo society increased in sophistication and as the Aro, Awka, Nri and Nkwere saw the need to further develop the emerging specialization in the production of items such as agricultural tools, war implements, various kinds of baskets, earthen jars, household furniture etc.

The discussion and analysis of the Yoruba pre-colonial society and how this in turn shapes the contemporary nature and character of the Nigerian political economy are greatly affected by the inherent diversity that characterized the pre-colonial Yoruba kingdoms notwithstanding the general reference to the Old Oyo Empire. In other words, notwithstanding the shared similarities in the various pre-colonial social formations of the old Yoruba settings, a fact that cannot be disputed is that the Yoruba social formations are generally affected by the factor of local peculiarities that are rooted in the way and manner in which the various towns and villages in Yorubaland were established. Accepted that the common identity of the Yorubas is their culture, there are however, subcultures and tribal inclinations and variations in dialects. While for instance, it cannot be controverted that the Ijebus are also Yoruba, between and within the uplands and the riverine areas of Odogbolu, Ijebu-Ife, Ijebu-Igbo and Abigi, Ibiade, Iwopin, Ode-Omi, among others, a vast expanse of land where the Ijebus inhabit in the present day Ogun State of Nigeria, there are significant local variations in the pattern of economic formations and in the attendant economic interactions. There is possibly no other area of Nigeria where ecological variations and differences exert much importance and influence on economic formations and interactions than in the Yorubaland of the South West of Nigeria.

The contribution of the pre-colonial Yoruba social settings to the contemporary character of the Nigerian political economy is generally limited by the nature of research on the Yoruba pre-colonial social settings, a fact which explains the popular reference to the Ibadan pre-colonial economy following the much celebrated work of Falola, titled: *The Political Economy of a*

Precolonial African State: Ibadan, 1830 – 1900, which appeared in 1984. Despite the fact that there was the Yoruba Historical Research Scheme based in the University of Ibadan and established as early as 1956, the focus of research then was focused on what was of interest to the then Action Group led government of Western Nigeria. The literature on pre-colonial Yoruba political economy hence become scanty and often left to the conclusions of Falola (1984) which was limited in scope by every standard. Ibadan, by the logic of history and concrete historical analysis, could not have been the reference point of any scholarly discussion and analysis of the contributions of the Yoruba precolonial social settings to the contemporary Nigerian political economy. However, and as earlier said, because little differences exist in the Yoruba culture and history of socio-political organization, the work of Falola (1984) still proves useful.

Precolonial mode of production in Ibadan (and by extension, Yorubaland) was organized around the families, united by common bonds of friendships and lineages. The head of the lineage was called Baale, who was also the overall source of inspiration and guidance. According to Falola (1984: 53), "Individuals, usually husbands, who are the heads of the various families within the numerous compounds, engaged in production activities like cultivation of farm lands, with their wives, or women engaging in harvesting and trading i.e. distributive activities". He continues: "Each household formed a recognizable economic unit. Specialization and division of labour were equally encouraged especially with the growth in family sizes following increasing population and urbanization and that of the activities of "rebellious" and adventurous spirit of the men to try their hands on profitable ventures". (Ibid: 53).

Apart from the pre-colonial political economy of the Yoruba society being based on households system, there was also the influence of cooperative groups especially following increasing population and urbanization. According to Ibid (1984: 60), there were two major forms of cooperative work force, the aaro and owe. In his words, aaro involved two or more people of equal strength and those who were engaged in the same occupation. They would work for each other on a rotation basis. Aaro was more common among farmers than other professionals. Owe, unlike the aaro, involved a larger number of people, and did not operate on a rotational basis. A person would invite his kinsmen, friends and agemates to help him on his farm or in any other work which he could not do on his own. A day would be fixed, the notice being long enough to allow those invited time to plan ahead or reject the invitation, and as the day drew by, the organizer would go round to remind all of them". (Ibid: 61).

The pre-colonial social settings of the Hausa-Fulani were largely feudal and for this reason, social interactions become patterned along the feudal mode of production. The pre-colonial political economy of the Hausa-Fulani centred on three things: (1) the cultivation of agricultural products, mainly food crops, such as sweet potatoes, beans, rice, corn and onion and produced in places such as Borno, Sokoto, Zamfara, Katsina, among others (2) preoccupation with non-agricultural activities such as blacksmithing, tin working, salt making, pottery, cloth making, leather making, among others (3) the distribution of agricultural and non-agricultural goods. The pre-colonial political economy of the Hausa-Fulani, according to Ogunremi (1980; 100) "…was certainly a market economy, which for many centuries has involved the use of money of one type or the other". He continues: "The bulk of exchanges was done in market places which were attended periodically. Large open spaces which could accommodate thousands of sellers and buyers were used. In the middle of the nineteenth century, Barth saw, at Kuka near Lake Chad, from twelve to fifteen thousand people in the market" (Ibid: 100)

Admittedly the examination of the pre-colonial modes of production of the Hausa-Fulani, Igbo and the Yorubas could not have provided reliable basis for a generalization on the pre-colonial political economy of a vast expanse of land and Nigeria, the fact remains that the distribution of the country along vegetational zones, a natural factor, impact significantly on the contemporary nature and character of the Nigerian political economy. Today's political economy of Nigeria became characterized by the use of crude and primitive implements, over-dependence and reliance on the forces and factors of physical geography, disputes over access to lands and land possession still by family groups and communities notwithstanding the promulgation of the Land Use Act, subsistence production with only little for sale so as to be able to meet other family obligations, and the use of limited scientific and technological applications, either for the purpose of planting, processing and distribution.

Having intellectually elaborated upon how the pre-colonial social settings of Nigeria have provided the framework of economic operations which the colonial forces had to live with, it is still appropriate to ask the question: what is the impact of colonial rule on the development of the contemporary nature and character of the Nigerian political economy? In other words, how have colonialism shaped the nature and character of the contemporary political economy of Nigeria? To answer the questions requires a critical examination: (1) of the processes of annexation of Nigeria, and (2) of the various policies aimed at consolidating colonial rule and meeting the objectives of the civilizing mission!

The Colonial Period: What was the political economy of Nigeria like under colonial rule? In other words, how can one either trace or locate the problems of the contemporary political economy of Nigeria to colonialism? What needs to be specifically argued out is the contribution of the factor of colonial rule to the development of the nature and character of the contemporary Nigerian political economy. The approach that is here adopted, at the risk of repetition, is to first, examine the historical birth of Nigeria, and second, look at how the various colonial policies have helped in shaping the contemporary political economy of Nigeria.

Studies such as that of Tamuno (1972), Nicolson (1969), Dike (1956), Jones (1963), Perham (1960), Orr (1965), among others, have preoccupied themselves with the process of birth or the creation of Nigeria. What has not been largely examined however is how the processes of the birth of Nigeria have created monumental problems for the political economy of Nigeria. Of course works such as Graf (1981), Callaway (1973), Turner (1976, 1980), Forrest (1982), among others, have tried, employing the Marxist framework of analysis, to explain the problems of the Nigeria political economy; they are however, rooted in nuances that are old fashioned and unhelpful scientifically. What difference does the ongoing study hope to make? What is intended to be argued out, and the style which is going to be employed, are, one should emphasize, embedded in the broad theoretical framework of the study as already spelt out in chapter one, globalization. Until now, studies that have employed the chosen option, such as Fakiyesi (2004), Hirst and Thompson (1999), among others, apart from being rare, are engrossed in the debate on whether or not globalization is a new phenomenon. This amounts to missing the point.

While authors generally disagree on the date of actual contacts with the whites, however, the periods between 1861 and 1914 are generally referred to as the periods with which the British formally founded what is today called Nigeria. 1861 was the year of formal annexation of Lagos, and 1914 was the year when both the Northern and Southern Protectorates were merged into one. This is the inherited legacy. From 1914 onwards, the British colonial government was faced with not only the problem of political administration of the various nationalities with peculiarities of big proportions under one administrative structure, but also with the political administration of Nigeria in such a way that the objectives of colonial rule will be met and sustained. Apart from the cultural differences that separate the various ethnic nationalities, most of today's Nigeria, then, were generally inaccessible and difficult to penetrate. But with the strategy of gradual expansion from the coastlands, different areas of Nigeria became opened-up, especially with the introduction of the federal system of government beginning from the Richard's Constitution of 1946. Policies were deliberately put in place to monetize the economy, commoditize labour, commercialize land, re-orient the peasants toward the production of raw materials, refurbish the apparatuses of colonial political administration, and develop integrated roads and rail networks along raw-materials producing areas to the seas.

What was the colonial political economy of Nigeria like? It was, and as earlier said, designed deliberately to serve the purpose of colonialism. And the purpose was simply the exploitation of the vast agrarian resources of Nigeria for the development of the home industries of Great Britain especially following the massive industrial revolution going on in the whole of Europe and North America. Interestingly, some scholars, especially of the Marxist inclination, focused only on the exploitation, and used that alone to describe and characterize the colonial political economy of Nigeria. While this is correct, it only provides a partial view of the whole of the processes characterizing the colonial political economy of Nigeria. While some people would argue that the emerging globalization only succeeded in integrating the political economy of Nigeria into the web of the international capitalist system for the purpose and sustenance of exploitation, such a worldview obscures a critical understanding of how our people's reactions to colonial systems of political and economic administration helped to reinforce the political economy of Nigeria along a structure that not only made us dependent, but also insensitive to the requirements of modern economic management and planning. Given the fact that there were pockets of resistance to the British 'innovations' in the economy, the resistance was however, subdued not only through the political repression of the British, but also by the very fact that some individuals, especially the chiefs and local notables, colluded with the British in ensuring that the policies of the British gained ground. Their actions can be likened to today's entrepreneurs whose sources of wealth remain ill-gotten. The colonial economy of Nigeria was characterized by exploitation, disparities in regional development, the development of extractive industries, and natural in orientation.

The Post-Colonial Period: Not only were the inherited legacies of the period between 1914 and 1959 incorporated into the post-colonial political economy of Nigeria, the attainment of independence in 1960 and the various areas of underdevelopment in themselves tend to define today's shape of Nigeria's political economy. Contemporary political economy of Nigeria is thus characterized by: (1) over-concentration and over-centralization of political power in the State which in turn leads to an "over-bloated state" in every aspect of the Nigerian political economy (2) the launching and initiation of programmes by civilian and military regimes alike in agriculture, housing and environment, industry (3) rapid expansion of social infrastructure such as health, education, roads, etc and (4), over-dependence on oil as source of revenue earnings with the serious attendant implication of revenue shortfalls and budget contraction due to the vagaries in the prices of oil in the international system. The period after 1960 up to the 1990s saw the local entrepreneurs being turned into complete middlemen between the foreign capitalists and the political economy of production, distribution and consumption activities in Nigeria.

Having critically examined the political economy in the periods of pre-colonial, colonial and post-colonial, the question now arises: Of what value to the chapter of the study is the examination of the historical development of the contemporary nature and character of the Nigerian political economy? All we are interested in is the development of the intellectual and scientific bases with which to appreciate the imperative of having to deliberately stimulate and attract FDI by the Babangida administration, especially between 1986 and 1993 when the twin policies of adjustment and transition programmes were both implemented. The political economy of Nigeria jointly presented to the Babangida administration very serious fundamental problems which, for the purpose of clarity of presentation, are here itemized: (1) the adoption of import substitution industrialization strategy only succeeded in consolidating the dependent nature of Nigerian capitalism and ensured as well that the location of industries were concentrated in the urban centres to the detriment of the rural areas where the majority of Nigerians live (2) the expansion of administration and commerce in particular in the 1950s, 1960s and 1970s did not lead to the much expected transformation of the economic conditions of the Nigerian people (3) the attendant mismanagement of the economy, corruption etc, created other problems such as cynicism, pessimism, sectional aggrandizement, social chaos, etc, which challenged the bases of social order and specifically created problems for the managers of the Nigerian State. These indeed were problems that confronted the Babangida administration and which the administration tried to respond through the policies of "adjustment and transition programmes".

5.3 Pushing the Findings and Discussion into the Future: Nigeria in the Years Ahead

The forecast in 2007 that Nigeria will cease to exist by the year 2015 is important to any scientific study of the future of FDI in Nigeria. The forecast reminds us of the threats to the political stability and continuity of Nigeria as nation-state in the comity of nations. Supremacy of the constitution, rule of law, transparency and accountability, as political virtues, are important to the consolidation of democracy and the enthronement of political stability. Nigeria, a "geographical expression" and complex political entity, no doubt, has natural to it, a system of balancing in significant periods of "stresses and strains". Nigeria, though not yet sophisticated going by the Eastonian formulation of the "input-output model", it is, however, used to how to either defuse tension each time she moves over and above the "critical range". The crisis in the Niger-Delta has its history rooted in the politics of the development of Nigeria. It started more than thirty years ago. The crisis, with the passage of time, has however, acquired greater military sophistication.

Between 2005 and May 2009, the crisis in the Niger-Delta region affected Nigeria so seriously to the extent that daily production of crude oil per barrel dropped by almost half a million. Between 2008 and March, 2009 not only did the price per barrel of crude oil dropped in the international market, Nigeria's foreign exchange earnings became significantly affected. Being heavily dependent on oil as a monocultural economy, the amount accrued to the Federation Account came down so heavily to the extent that pay cuts in the salaries and allowances of political functionaries were the first official response. The Agreement between the federal government and the Academic Staff of Nigerian Universities (ASUU) was delayed for two years until a strike that lasted for almost four months provided the framework through which some compromise was made.

Notwithstanding the supposed decline in the standards of education and the reduction in the number of school-going population, Nigeria, interestingly is a highly sophisticated political society. Existing side by side with poor literacy rate is an increasing political consciousness and education. Nigerians have successfully defended mandates that were considered to have been stolen in states like Ondo and Edo. Given the arm-twisting, resources and tactics that are available to the federal government, Nigerians still continue to press for electoral reforms, and remain ever united in the fight for the full implementation of the Justice Uwais Report on Electoral Reform. They continue to resist breach of electoral rules and procedures. Violence, thuggery, maiming, etc, however continue to characterize re-run elections as directed by the courts and tribunals. Contemporary Nigeria still stinks in corruption. The entire physical infrastructure has almost collapsed either from neglect, corruption or inefficiency. While an average Nigerian remains thinner, the political elites grow fatter and become pot-bellied. Every sub-system is affected without any exception. The policy of consolidation in the Banking and Insurance sectors between 2004 and 2006 was meant not only to revitalize the Nigerian economy through the creation of employment and funds availability at reduced interests, it instead, facilitated corruption to the extent that the banking and insurance sectors became almost grounded, but for the quick intervention of the Central Bank of Nigeria (CBN). Not only would the hard-earned savings of the mass poor disappear into the thin air, Nigeria, again, was systematically planned to enter into another round of failed banks crisis with negative implications for investment drive.

Infrastructural development is, without any argument, important to the attraction and stimulation of FDI. As power supply remains epileptic, with a population of 140 million, and actual generation of 2,500 MW, the target of 6,000MW by December 2009, apart from not being met, the Nigerian power situation only confirms what the future holds. Between 1999 and 2007, the over $16 billion invested into power generation has only yielded more pains, accidents (due to domestic and industrial reliance on generators), and divestment of foreign companies into more prospering economies such as Ghana and Angola. Just as individuals and families continue to erect walls as if such walls are meant to touch the sky, and on their own organize neighbourhood watch security outfits, the rate of robberies increase in number of times and sophistication. Usually middle-aged gangsters and school dropouts, become hopeless as they remain permanently attached to hard drugs and ready instruments of violence in the hands of politicians and money bags.

What is the place of Vision 2020, and the review of the 1999 Constitution in the discussion and analysis of the years ahead on FDI in Nigeria? The People's Democratic Party PDP-led federal government of Nigeria had wished that by the year 2020, the country, Nigeria, will be part of the twenty greatest economies of the world. The idea of a vision or blueprint for Nigeria is not new. The various National Development Plans, the Green Revolution, the Vision 2010, the National Economic Empowerment and Development Strategy (NEEDS), were bold efforts at making Nigeria a great and prosperous economy in the comity of nations. While the details still remain sketchy and the strategies left in the boardroom politics of Aso Rock, it is most likely, just as the Vision 2010 document was, that the 20:2020 document might as well be in the dustbin of history. Just like various plans and visions mentioned earlier, the Blue print was technocratic and exclusive in formulation. The mass public, the engine around which the vision is to revolve, is generally ignorant of its existence. The reliance on oil, the mainstay of the Nigerian economy, makes the vision susceptible to the crises in the internationalist capitalist system. As the world regresses further into recession, the amount of foreign exchange earnings with which revenue projections are based dwindle, and the hope of economic recovery and development is dashed ab initio.

Religious uprisings and antics are part of the processes of the political development of Nigeria as a multi-religious society. The Nigerian State is however, secular. The 2009 "Boko Haram" uprisings in the core north Muslim states of Bauchi, Yobe, among others, point to a new dimension in the study of religion in the political development of Nigeria. The declaration by the leaders of the religious sect that Western education is evil, not only portends danger, it as well provides indication that Nigeria is doomed. Without argument, Western education provides the multiple frameworks through which science and technology are acquired, and through which growth can as well be predicted. The art of reading and writing, (literacy), provides the unique opportunity through which the various languages and dialects in the country are integrated into the common language of expression, English, which, in its very logic, remains a medium of national integration and development. While the Nigerian State responded adequately and put the uprising into the dustbins of history, the response, military in nature, is however, not a guarantee that the same will not repeat itself in the future. FDI responds favourably to a politically stable environment and with the ability of the political system to regulate its excesses and sufficiently control its "system-overloads".

An interesting development in the body of faiths in Nigeria is the increase in both the number of churches and mosques and in followers as well. While churches, especially the Pentecostal ones, have their international headquarters in Nigeria and branches all over the world with the hope of winning souls for Christ, these branches are however, expected to send to the country, with military dispatch, all offerings and tithes in dollars, euros, pounds, and other major international currencies so as to further accelerate the work of God. For the Islamic faith, while the Quran sects increase with branches spreading across the nooks and crannies of the country, they are however, affiliated to similar sects in the Middle East for the reason of funding. While Muslims differ in geographical backgrounds, there is however, unanimity in what the Quran says about "infidels" and the socialization processes that help to facilitate "harram". Also, while United Arab Emirates remain the centre of the world's capitalist attractions, the cities of Muslim states in Nigeria such as Sokoto, Birni-Kebbi, Damaturu, etc, remain deficient in foreign investments.

Of importance to the future of FDI in Nigeria is the policy of deregulation. A deregulated economy is important to the attraction of FDI. Deregulation allows for the dictates of market forces in the determination of the whole processes of production, distribution and consumption. Deregulation as a market philosophy, is linked with the concept of trade liberalization. A liberalized trading system, by definition, allows for the lifting of embargo (if it exists) on trade across a country's border. Because of the relationship that exists between trade liberalization and deregulation, deregulation abolishes the use of subsidies or deregulation abhors subsidies and instead, allows the operations of the market to fix prices, among others. Deregulation, interestingly as a policy is not people friendly. Democracy is however, about people. Deregulation hence becomes anti-people and therefore remains highly unpopular.

Without debate, the oil and gas sector in Nigeria is the apple of the eyes of foreign investors. It controls a larger percentage of the volume of FDI in Nigeria followed by the banks and telecommunications sectors. With the return to democratic rule in 1999 in Nigeria, deregulation remains a policy of regimes in Nigeria. While the Olusegun Obasanjo administration remained committed to deregulation, especially the deregulation of the downstream of the oil and gas sector and for that reason increased the pump prices of petroleum products (with disregard to rules) at different times, the successor regime of Shehu Umar Yar'adua had announced more than four times, the date of the commencement of deregulation of the downstream sub-sector. This, in clear terms, amounts to inconsistency. Policy inconsistency generally depicts either the lack of, or absence of political will. In the eyes of foreign investors, next to the existence of sustainable infrastructure is the political will to undertake reforms in other critical sectors such as law and the entire judicial system. The will to introduce policies and as well bring about the reformation of the existing systems of rules is generally considered important to the attraction of FDI. Sluggish as the administration of Shehu Musa Yar'adua was, the hang-over effect is most likely to continue in the years ahead.

The importance of the section for the study will not be complete unless the relationship between the Federal Constitution and the prospects of FDI are further examined. With the amalgamation of 1914 by the British colonial authorities, Nigeria became a federal system of government. The Nigerian federal system of government is generally considered to be peculiar in the sense that the Nigerian federal system was imposed by the British colonial authorities. Consequently, the various areas and much later regions and States that presently constitute the Nigerian federal system of government were fused together by the fiat of military authorities without consideration for the fundamental principle of federalism which is rooted in the established theoretical link between it and democracy. The American federal system of government is generally considered as the symbol of the theoretical connection between federalism and democracy. The imposition of federalism in Nigeria obviously has serious implications for its political development as a civil war was fought between 1967 and 1970.

The 1946, 1951 and 1954 constitutions served the purpose of colonial rule. Between 1900 and 1960 when Nigeria became politically independent, FDI served the purpose of colonialism since most of the investments were in the extractive sector to source for raw materials to meet the industrial revolution needs in Britain in particular, and Europe and North America in general. The colonial constitutions were no doubt federal with a federal government in Lagos existing side by side with regional governments in the regions (East, West and North) and served with a bi-cameral legislative system, the Houses of Assemblies and the Chiefs. The introduction in 1963 of a Republican constitution was the first attempt in post-independence Nigeria to experiment with a federal constitutional framework that was indigenously made without the direct intervention or influence of the British. The 1963 constitution was comprised of Twelve chapters and One hundred and sixty-six sections. The legislative lists were divided into three parts: part one, exclusive legislative list; part two, concurrent legislative list; and part three, interpretation. The constitution declared elegantly in section one, chapter one, that: “This Constitution shall have the force of law throughout Nigeria and, subject to the provisions of section four of this constitution, if any other law (including the constitution of a Region) is inconsistent with this constitution, this constitution shall prevail and the other law shall, to the extent of the inconsistency, be void".

The federal nature of the 1963 constitution, with respect to FDI, laid the foundation with which to discuss and analyze the issues in, and problems of, attracting and stimulating FDI or the general issues in, and problems of, FDI in Nigeria, now and in future within a federal parameter. Shortly before the attainment of political independence in 1960, the issue of "nationalization", an import issue in contemporary FDI debate, was a campaign issue in the 1959 Federal Elections. The parliamentary nature of the federal system of government facilitated hot debates in the House of Representatives led by the likes of Chief Okotie-Eboh, Dr. Okpara and Chief Awolowo, among others. The debates reflected the regional ambitions for FDI for the purpose of the economic development of the regions. Chief Awolowo was quoted (see Akisanya, 1983: 153) to have "advocated the nationalization of all mining, the merchant marine, insurance, foreign owned plantations and all pseudo-extractive and secondary industries like the timber and plywood industry". He, on November 19, 1961, in the House of Representatives, moved that: "…House approves in principle the nationalization of basic industries and commercial undertakings of vital importance to the economy of Nigeria". Chief Okotie-Eboh, on his own likened the nationalization debate to communism! In his own words:

> "This is a very serious matter. We all know that nationalization of industry is akin to communism (Several Hon. Members: No, No! Yes it is). This sounds all very simple but this simplicity is most misleading. First, this talk of nationalization is dangerous to our economy. All the governments (of the federation) have publicly declared that no steps of further nationalization beyond various public utility will be undertaken. It is therefore shameful that the leader of opposition (Chief Awolowo) who had been heading a government and who is a party to this assurance comes here to call upon this government to nationalize insurance which is a private

> enterprise (Shame, shame!)... Thus, the first point is that his suggestion is economically dangerous. The second point is that insurance business is highly technical" (Ibid: 153).

Still on the debate on nationalization, Dr. Okpara was quoted to have said that: "…those who are advocating nationalization are communists and they should have the courage to say so" (Ibid: 153). The foundation of the debate on nationalization can be traced to two points. First, the fundamental need to put in place a philosophy of government for the newly independent Nigeria. Second, section 31 of the 1963 constitution declared that: "No property, moveable or immovable, shall be taken possession of compulsorily and no right over or interest in any such property shall be acquired compulsorily in any part of Nigeria except by or under the provisions of law that (a) requires the payment of adequate compensation therefore; and (b) gives to any person claiming such compensation a right of access, for the determination of his interest in the property and the amount of compensation, to the High court having jurisdiction in that part of Nigeria". What exactly can be said of the 1963 constitution as the issues in, and problems of, FDI within a federal parameter? It is important to recall that the constitution lasted only for three years. By January, 1966 it was already suspended as a result of military intervention in the Nigerian polity. While section 31 of the 1963 Constitution, in keeping with an International Agreement between Nigeria and the United States, had hinted of an "adequate compensation" in case of a nationalized property, the other unresolved issues and problems border on who, specifically, was charged with the responsibility of attracting and stimulating FDI given the fact that the under the 1963 constitution, the then regions had offices in key capitalists centre of the world canvassing for FDI, among others.

The question can then be asked: How did the 1979 Constitution attempt to address the observed anomaly since every region (now State) desired (and still desires) rapid economic development through the instrumentality of FDI attraction and stimulation? The 1979 Constitution was a much more ambitious federal project. Though the chapters were reduced from Twelve (what the 1963 constitution was) to Eight, the sections were however, enlarged to Two Hundred and Seventy-Nine, excluding the Schedules, that were six in all. It also maintained a clear departure from the 1963 Constitution with the introduction of presidentialism. The drafters of the 1979 Constitution, unimpressed by the political developments in Nigeria in the 1960s, opted for presidentialism and the constitutional enlargements of its requirements as a way of striking the much needed balance between the legislature and the executive while as well helping to institutionalize those things that would enhance national integration and development in the larger context of politics in Nigeria. For instance, the elaborate and much more stringent provisions made in the 1979 Constitution with respect to political party formation were meant to discourage the regionalization of parties and their operations in the new democracy that was envisaged.

More fundamental to the 1979 Constitution, for the first time in Nigeria's political history, a specific chapter, chapter two, was devoted to what the Constitution titled: *"Fundamental Objectives and Directive Principles of State Policy",* covering ten sections. Regrettably, these sections were not made justiceable. The Constitution, to its credit, again for the first time, defined the purpose and objective of government in Nigeria. While some of the factors that led to collapse of the First Republic partly explained the collapse of the Second Republic as well, it is important to still note that the in-fighting between the regions, and between the regions and the federal authority, which were openly expressed in the capital cities of the west, in the First Republic, especially over FDI, never came to the limelight in the Second Republic. Under the Second Republic, the in-fighting and wrangling were limited to the domestic borders of Nigeria and largely fought in the courts of law.

With the coming into being of the 1999 Constitution, not only has Nigeria depicted a worthy point of political maturity (comparatively speaking), the Ibrahim Badamosi Babangida Political Transition Programme of between 1987 to 1993 had initiated a two party system that, for the first time in the Nigerian political history, enabled the opposition party to know that indeed it was an opposition party, a ready-made alternative government. While it was the characteristic of the opposition parties in the First Republic to regularly attempt to bring down the governments of either the federal or the region, the opposition parties of the present 1999 Constitution (though it can be relatively argued that they are the shadows of the all-powerful People's Democratic Party existing in different camps), are however, more interested in pulling down the occupant of an office than pulling down the government/office which such an occupant presides over. It is a big difference, an indication of political maturity and development.

The issues in, and problems of, FDI attraction and stimulation under the 1999 Constitution can, be best explored only if some activities are first recognized and appreciated. The 1963, 1979 and the 1999 Constitutions, in their different sections, all seek to protect private properties and give "adequate compensation" in the case of a "nationalized property". The Constitutions seek to guarantee and protect the interests of foreign investors in the Nigerian economy. Section thirty-one of the 1963 Constitution, forty of the 1979 Constitution, and forty-five of the 1999 Constitution, and forty-four of the 1999 Constitution, all seek to give legal backing to "protection of property rights". It is equally important to note that the 1960s and 1970s were not as complex and interconnected as the 1990s. Accepted that they were all part of the 20th century, however, under the 1999 Constitution, Nigeria became a part and parcel of the evolving and ever changing dynamics of globalization, especially in the areas of information and technology, trade and international movement of capital.

The rapidity with which things happened and still continue to happen, remain very unimaginable. As one can speak of a globalized international system, one can as well speak of "globalized citizens", "globalized companies and corporations", etc. The "nation-states system" exists side by side with "global citizens". Not only is the fluidity becoming rapidly unpredictable, it acquires as well very interesting dimensions which make their studies sometimes difficult, but at the same time intellectually rewarding. The 1999 Constitution declares unambiguously that Nigeria is a federal system of government. Section two, subsection one states in clear, categorical terms that: "Nigeria is one indivisible and indissoluble sovereign state to be known by the name of the Federal Republic of Nigeria". Section two, subsection one further states that: "Nigeria shall be a federation consisting of states and a federal capital territory". Not only does part one of the first schedule of the Constitution specify the number of states in Nigeria and give their capitals and local government areas, the second schedule contains the "legislative powers", an issue in federal systems.

The 1999 Constitution, specifically section thirteen of chapter two, states that: "It shall be the duty and responsibility of all organs of government, and of all authorities and persons, exercising legislative, executive or judicial powers, to conform to, observe and apply the provisions of this chapter of this constitution". The critical observer is left with the question: What are the provisions of this chapter of the constitution? The provisions are as contained in the "Fundamental Objectives and Directive Principles of State Policy". According to section sixteen, subsection two (a) "The state shall direct its policy towards ensuring… the promotion of a planned and balanced economic development". What is the meaning and implication of this? Before an answer is here attempted, it has become urgently important that another important section of the same chapter, chapter two, is examined along with it. This section relates to foreign policy objectives. Section nineteen declares that the foreign policy objectives shall, among others, be the "promotion and protection of the national interest".

Regardless of the varied definitions of the "national interest" in the literature, the fact remains that whatever the ruling elites say that it is, is what it is. This is both a problem and solution, no doubt. If the 1999 Constitution could confer the implementation of the: "Fundamental Objectives and Directive Principles of State Policy" on, "…all organs of government,… all authorities and persons, exercising legislative, executive or judicial powers…", it then means that the responsibility of "…a planned and balanced economic development", is that of every tier of government in the federal system. This explains, in both theory and practice, why governments at the state level solicit or canvass for FDI. Consequently, what are the issues and problems involved, and to what extent do the issues and problems impact on the future of FDI in Nigeria. For example, and as reported in *The Nation* (Tuesday, 13th October 2009), the Kwara State government signed a Memorandum of Understanding (MoU) between it and Exel Envifor – Friendly Energy Ltd for the production of diesel in the State from *jatropha*, locally called *lapalapa*. The State government had, in a similar development in May, 2009 entered into partnership with a South African firm, Ethnix Designs to produce furniture in the state. (*The Nation*, Tuesday 26th May 2009, p. 22). This is not limited to Kwara State alone. State executives in Nigeria are in the habit of junketing around the world in search of FDI. Again, what are the issues and problems involved, and to what extent do the issues and problems impact on the future of FDI in Nigeria?

Two issues are noticeable. In the first place, and within the federal parameter of government, to what extent can the desire for rapid economic development through FDI help to render redundant the accepted principle of federalism that where state laws run into conflict with the federal laws, the federal laws shall take precedence? Second, to what extent should a federal authority be delegated, authority relating to the attraction and stimulation of FDI, without necessarily compromising the raison d'etre and justification for the initial delegation? Two problems may as well crop up. How are dissatisfactions arising from competition for FDI in a federal system to be resolved? Second, has leadership a role in the resolution of the dissatisfactions? These issues and problems obviously have implications for the future of FDI in Nigeria. Clearly, the practice of politics in today's Nigeria is much different from the 1960s and 1970s. Under the First Republic in particular, politicians operated purposely to undermine the government in power, and never saw themselves, especially those in the opposition, as an alternative government. Politicians of today interestingly engage themselves in political battles without however allowing the battles to bring down the government. This gives an indication of regime stability which, if well maintained, can lead to political stability, an essential ingredient of FDI attraction and stimulation.

Finally, the future of FDI in Nigeria within the context of emphasizing the importance of the subsection can be looked at in the global system of FDI politics and economics in which Nigeria is already a part. Contemporary international system, with respect to the politics of FDI attraction and stimulation, like the character of the global political economy that constantly helps in shaping it, is bedeviled with crises of far-reaching proportions. But quite aptly, the question can be asked: what are the politics and economics of the international system of FDI like? How can the politics and economics be explained? What should constitute the explanatory parameters, and by what measures of relationships? How can the explanatory parameters fit into the understanding of the Nigerian domestic scene if we accept the fact that a close web of relationship exists between domestic and foreign policies? Solid and critical as the questions are, they however, address the very theoretical issues (without necessarily providing practical insights) in the body of discussion and analysis of the international political economy component of FDI attraction and stimulation. Efforts are however, made to integrate the questions into the objective of the section.

Without argument, politics and economics are fused together in nation-states relations. This is either principally because political issues have economic undertones and vice versa. In fact, this is what determines the character of the international system and tends to define as well its strength. The point of unity between politics and economics is usually situated in political economy. The section of the chapter therefore seeks to determine the effect of contemporary international political economy on the profile of FDI in Nigeria in the years ahead. The questions, again, become inevitable: What are the premises and assumptions that have informed the study's understanding of contemporary international political economy beyond the fact that it is crises-ridden? How important are the premises in building a body of knowledge that in turn helps us to generalize against the future? How valid are the premises, and how do they help in our understanding of the future?

Contemporary understanding of international/global political economy can be hinged on the understanding of the interests of nation-states. In other words, the explanations of the global political economy can be sought from the idea of the games in which nation-states play. Essentially, these are games of interests. Therefore, the pursuits of the interests become competitive, and all manner of tactics and strategies are deployed, sometimes leading to wars or the drums of aggressiveness for FDI attraction and stimulation. Policies such as tax incentives, favourable laws and policies on easy repatriation of profits, security and physical infrastructure development, etc, are variedly introduced to lure foreign investors. Beyond these policies, some countries of the world have gone further to introduce specific administrative, legal and institutional reforms to attract foreign investors within the emerging globalization and increased marketization. The global political economy has become ever more competitive for FDI.

While the concept or idea of interest generally serve as the explanatory framework with which the games which nation-states play can be understood, some other parameters helped to understand better the race and competition for FDI. The parameters of: (1) nationalization, (2) performance requirements, and (3) export processing zones, are important to the understanding and interpretation of the race for FDI. But the question needs be urgently asked: How, in their present circumstance, do they serve the purpose of parameters? To be able to answer the question, another question requires being asked as a matter of greater priority. What are the purposes and objectives of parameters in social science analysis? Parameters are to provide the standards of assessment in a way and manner that reasonable objectivity (not withstanding the "nature of the subject-matter" of social science) is achieved. Parameters are therefore formulations meant at ensuring uniformity of standards in the process of test and retest, especially as the test and retest relate to the building of a generalization.

Nationalization, performance requirements, and export-processing zones, in relation to the international political economy of FDI attraction and stimulation, are important in the understanding and interpretation of the processes, forces and factors that help in the explanation, description and production of FDI activities. Important to the ongoing discussion and analysis is the questioning of *how*. How, in specific and clear analytical terms, do nationalization, performance requirements and export-processing zones, help "in the understanding and interpretation of the processes, forces and factors that help in the explanation, description and prescription of FDI activities"? This involves the scientific task of demonstration, and the first step requires the definition and explanation of what each parameter means or represents.

Recently, Oatley (2008), in an effort to explain the various means through which the multi-national corporations (MNCs) are regulated in the Third World, came up with the concepts and or ideas of (1) nationalization, (2) performance requirements, and (3) export-processing zones. Of course, there is no way in which the formulation of these concepts can be restricted or ascribed to Oatley. It is to his credit however, that a sustained effort is made to understand how effectively the activities of MNCs have been regulated, especially in Third World nations. The regulations of the activities of the MNCs help to understand the politics and economics of FDI attraction and stimulation. An adaptation, in this section of the study, is specifically made to seek to explain and understand the effect of the international politics and economics of FDI attraction and stimulation on the future of foreign investments in Nigeria.

One major political and economic weapon through which FDI activities in the international system is regulated is the use of nationalization. For reasons of political pride and economic empowerment, nation-states have had the reason to nationalize foreign enterprises especially in specific areas of domestic economies such as extractive and utilities, but usually with the payment of compensation. The issue of payment of compensation is in itself both political and economic, and remains so important that some countries of the world consider it necessary to intervene between the MNEs and the host governments. It is a significant issue in bilateral relations. With specific reference to Nigeria, it predates 1960, the year of attainment of flag, political independence.

Nationalization, both as a political and economic measure in Nigeria, has gone through significant developments. Apart from occupying a critical position as the nationalists and political leaders of Nigeria planned for the 1959 General Elections, it continued up to 1966 when the military first struck. It has been tinkered with through careful legal drafting in the various

Indigenization Decrees (now Acts), which among others, boldly separated (separate) and prohibited (prohibit) foreign from indigenous enterprises, and which area of the economy that both enterprises are allowed to operate in, wholly or partially. That the Nigerian State would pay "adequate compensation" existed not only in the 1960 Independence Constitution, but in the 1979 and the 1999 Constitutions as well. Nothing else, it can be most probably argued, other than the issue and assurance of "adequate compensation" that helps to shield Nigeria from the negative effects of the international politics and economics of FDI activities. The payment of "adequate compensation" as constitutionally enshrined therefore helps to build investors' confidence in the Nigerian economy.

Another political and economic weapon in the hands of governments and through which MNEs are controlled and regulated is 'performance requirements". Performance requirements allow MNEs to comply with the economic objectives of the host countries. A host government hopes, for instance, to integrate the principle of backward linkage into its foreign investments drive. This principle specifically enjoins the MNEs to purchase a certain percentage of its inputs of operation from the host economy. The idea is that the attraction of a multinational firm means either the continued survival of the existing industries; n the host country's economy, or the facilitation of a brand new indigenous firm. Employment, among other benefits of FDI, becomes for instance created from two distinct opportunities or angles.

The global political economy is generally dominated by all kinds of tricks, tactics and strategies that in turn constitute the politics and economics of international relations. In the oil and gas sector of the Nigerian economy, a policy is designed to promote local contents utilization. Given the problems of shortage of capital, low technology, etc, Nigeria allows, through its outfit on oil and gas operations, the Nigeria National Petroleum Corporation (NNPC), the establishment of joint ventures with the big corporations such as Chevron, Agip, Shell, etc. As joint ventures are allowed, some conditions are as well attached. First, the foreign equity share contributions are limited to a particular percentage, usually not above fifty. Second, local contents utilization regulations are both introduced and enforced. Powerful as these enterprises are, and underdeveloped as Nigeria is, Nigeria, through the instrumentalities of law, politics and diplomacy, has become a recognized player in the international politics and economics shaping the stimulation and attraction of FDI. In the mid 1980s, especially following the introduction of the Structural Adjustment Programmes globally, exports processing zones surfaced as a policy framework through which countries of the world have attempted to respond to the politics and economics of FDI attraction and stimulation. Areas that are accessible to sea were identified, planned and provided with physical infrastructure and in turn allocated to MNEs. Not only does the idea help in addressing some of the problems that affect FDI attraction and stimulation, the existence of exports processing zones help any host government to as well monitor the activities of these MNEs vis-à-vis the national objectives which spur FDI attraction. A good example in Nigeria is the Calabar Exports Procesing Zone. However, the problem of political corruption has affected its expected impact on the Nigerian economy.

5.4 The Possible Facts behind the Figures: Issues in, and Problems of, FDI Studies and Analyses

It should not be out of place for the study to put under focus some emerging issues and problems that are contained in the studies and analyses of the contemporary discourse on FDI. It is being alleged that FDI in the developing political systems represents nothing but a recycling of the looted funds either by the displaced colonial forces or by the corrupt public officials. The study and analysis of investments should ordinarily focus on the inescapable distinction between the domestic and foreign/international. Where the distinction is either blurred or difficult to delineate, there emerges serious problem of, and issue in, research. Truly, complementarities exist between 'domestic' and 'foreign' investments, however, the fact that a country's border is inescapable in the distinction is very important for clear-cut study and analysis of the forces, factors and processes of international capital movement.

It is not unlikely that the looted funds of Nigeria are been recycled and brought back as FDI. There is however, little or no evidence for now to support the allegation. The CBN, the institution saddled with the responsibility of computation of FDI has not yet documented evidence on this. The Economic and Financial Crimes Commission (EFCC) and the Independent Corrupt Practices Commission (ICPC), in their existing reports, equally have no evidence to either support or substantiate the allegation. It is equally important to stress that the absence of evidence should not be mistaken to mean that the allegation is not serious enough. There is equally the need to emphasize the fact that looted funds perhaps find their ways into the body of FDI in Nigeria through domestic share acquisition and capitalization. While existing laws allow full ownership of foreign enterprises, the MNEs however, consider it strategic to allow for local investors a part of the ownership of these enterprises.

The allegation, without argument, has serious consequences for the study and analysis of FDI. What are these consequences, and to what extent does the allegation, intellectually speaking, represents/serves as issues in, and problem of, the contemporary discourse on FDI? Two important consequences can be easily identified. First, the allegation most likely corroborates the point that the problem of development and growth in Nigeria (and the Third World as a whole) is not lack of capital afterall. Second, the allegation equally strengthens the point that the problem of development in Nigeria (Third World) is wholly domestic. But the question can be quickly asked:

Are the two points weighty enough to render useless the indispensability argument of FDI in the promotion of development and rapid transformation of Nigeria/Third World economy? What can be said for now is that in as much as the allegation remains unproved, the Nigerian/Third World economy(ies) can not be totally free from the idea of having to deliberately stimulate and attract FDI.

What are the issues and problems being posed by the allegation for the study and analysis of FDI? They are generally issues and problems relating to the conceptualization and operationalization of the concept of FDI. To define and operationalize FDI will not only be problematic for the purpose of research, assigning indicators and values for the purpose of measurement will equally be difficult. Where fluidity in both the domestic and international understanding of FDI exists, the distinction between the two will be left to the vagaries of time and circumstances, and the idiosyncrasies of authors and researchers.

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CHAPTER SIX

Conclusion and Recommendations/Contributions to Knowledge

6.1 Conclusion

How should the conclusion to the study be approached? The style adopted is to first undertake a cursory review of the arguments and points elaborated upon in the previous chapters, in particular the debates explaining the affinity of either democracy or authoritarianism to FDI stimulation and attraction, and x-ray the findings and the discussion that followed. The approach places the entire study within a context that helps to appreciate the various options taken in the attempt to provide the bases with which to understand the thesis that is both contained and advanced in the study. Beyond helping us to understand the epistemological foundations of the thesis, the approach is as well important in helping us to understand the prescriptions and recommendations emanating from the study especially with the return to civil democratic rule. Consequently, what can one say of the future of FDI in Nigeria? How is the future linked to, or affected by, the changing scenes in the international capitalist system? To what extent is the return to constitutional democracy a determinant of the future of FDI in Nigeria? How have the various contradictory positions in the literature affected what one has to say about the future of FDI in Nigeria? The questions are no doubt important in the understanding of the bases that have informed the conclusion of the study and in the appreciation of what the study offers as contributions to the body of knowledge.

In the previous chapters of the study, the whole arguments about the preconditions for FDI attraction and stimulation are presented in a manner that reflects the contemporary discourse on the subject of international capital movement. The debate no doubt captures the intellectual diversity of the social sciences as a whole not withstanding the overwhelming influence of the disciplines of economics and political science. The perspectives of economics and political science are increasingly dominant in the literature to the extent that they determine the nature and tempo of the discourse on global capital movement. Interestingly, the perspective of economics seems to cover the entire literature until lately, especially when the "third wave" of democratization started in the 1990s following the disintegration of the defunct Union of Soviet Socialist Republics, and the fall of authoritarianism regimes in the then Eastern European bloc and Africa.

Beginning from the mid 1980s up the end of the 20th century, the combined introduction of structural adjustment with the political transition programmes raised a lot of questions that affected the workings of the international capitalist system, especially as the countries of Eastern Europe and those just released from the influence of "sit-tight" rulers in Africa embraced market reforms. Within the broad research theme of "democracy, market and development", the "transitional economies", so-called, were, within the policy framework and intervention of the Bretton Woods Institutions (BWI), expected to attract FDI as a means of overcoming the domestic constraints of their economies. This is the origin of the shift in the focus of the study and analysis of international capital movement. Before then, studies on FDI had focused on the "pull and push factors" from the perspective of the mechanics of economic science. International capital movement was thought to be dependent only on the factors of production for the purpose of "profit maximization and loss minimization" especially in an environment characterized by economics of scale of production.

While the 1980s through 1990s up to 2000 were misnomer with countries trying to open-up their entire social system, by 2003, studies and research attention become devoted to the extent of which political liberalization (or democracy) has helped to stimulate FDI especially in the then Eastern Europe and much later to Africa. Today, preconditions are now attached to the degree to which countries are now expected to attract FDI. In the same year, two contradictory findings emerged, and have ever since influenced studies and researchers on FDI to the extent that contemporary thoughts on FDI are now significantly shaped by these two divides, and led by Nathan M. Jensen on one hand and Quan Li and Adam Resnick on the other.

Jensen (2003) argues that: "The need to attract FDI pressures governments to provide a climate more hospitable to foreign corporations – potentially altering patterns of domestic economic policy, and possibly even challenging the de facto sovereignty of the nation-state and the capacity for democratic governance" (Ibid: 587). This is of course inescapable since FDI, in his words, "…provides both physical capital and employment possibilities that may not be available in the host market". (Ibid: 587). Because of these significant benefits, he continues, "…attracting FDI has become one of the integral parts of economic development strategies in many countries" (Ibid: 587). Accepting the indispensability of FDI to economic development, the question then arises: what conditions best promote FDI attraction and stimulation? In plain clear language, he submits that: "Democratic political institutions are associated with higher levels of FDI inflows"? (Ibid: 588). On the other hand, Li and Resnick (2003) argue in the opposite direction. Democratic institutions, they lay claim to, affect FDI. This, by implication, means that authoritarian rule attracts more FDI. In their words: "…democratic institutions hinder FDI inflows through three avenues. First, democratic constraints over elected politicians tend to weaken the oligopolistic or monopolistic positions of MNEs. Second, these constraints further prevent host governments from offering generous financial and fiscal incentives to foreign investors. Third, broad access to elected officials and wide political participation offer institutionalized avenues through which indigenous businesses can seek protection". (Ibid: 177). They go further: "In each case, the increased pluralism ensured by democratic institutions generates policy outcomes that reduce the MNE's degree of freedom in the host developing country." (Ibid: 177).

Studies and researches on FDI, in particular its stimulation and attraction, are fundamentally affected by these two positions to the extent that there are formulations in the literature either challenging or confirming the degree to which the forms of democracy and authoritarianism have impacted on FDI. In other words, studies have in recent times disaggregated the ideas and meanings of democracy and authoritarianism and in turn examined how the emerging forms of democracy and authoritarianism have impacted on FDI stimulation and attraction. For instance, Choi and Samy (2008), in the bid to explain the empirical connections between democracy and the inflow of FDI, break into three their meaning and idea of democracy: (1) "Veto players, (2) audience costs, and (3) democratic hindrance" (Ibid: 85). They found out that: "FDI inflows are correlated with politics of veto players who are likely to have a direct influence in thwarting investment policy reversals against MNEs but not connected with the politics of audience costs that may not closely follow particular details of FDI policy changes by national leaders". (Ibid: 98)

Of what importance are the conflicting and contradictory findings on the relationship between FDI inflows and democracy on the one hand, and FDI inflows and authoritarianism on the other? The importance of these conflicting and contradictory findings can be seen in the differing views on policy recommendations on how to stimulate and attract FDI. According to Choi and Samy (2008), "These results offer interesting policy implications for developing democratic countries. If nascent democracies want to pursue desirable economic growth and development targets by attracting more FDI inflows, their best shot may come with the establishment of democratic institutions that can ensure checks and balances, enforced by veto players that hinder national leaders from making arbitrary investment policy changes. (Ibid: 98).

What is therefore the conclusion that can be made from the study, and what is the implication for the body of literature on the subject of FDI attraction and stimulation and future research directions? FDI in Nigeria was more influenced by external considerations and factors, external considerations and factors that were least thought of in Nigeria's domestic policy measures and programmes aimed at stimulating and attracting FDI under the Babangida administration. These external considerations and factors can be described as both the readiness and preparedness of the MNCs to tap swiftly any available opportunity that would earn them both the profit and influence to continue to manipulate the home government (Nigeria) for greater relevance, rather than the logic and argument of free press, infrastructure, trade liberalization, etc, the assumed theoretical preconditions for FDI stimulation and attraction especially by the BWI and their intellectual hangers-on.

6.3 Recommendations:

- Government should rely largely on home-grown initiatives in its efforts at economic recovery since the hope of a better Nigeria seems to lie in the amount of success achieved in this regard rather than in the amount and volume of FDI that is attracted or hoped to be attracted.
- Research in the area of FDI should go beyond the traditional areas of origins, volumes, sectoral allocations, and equity participation to new areas such as the relationship between regime-type and FDI stimulation, and the concrete identification of other important external factors that impact on FDI inflow, among others.
- Government and funding agencies should give support to FDI research with comparative bias and periodic focus. A comparative study and analysis of FDI is important for the

purpose of building meaningful generalization. FDI research with periodic focus is equally important in the study and analysis of the trends of FDI over a period of time, the study and analysis of which is important for the purpose of constantly assessing and re-assessing policy priorities.

6.3 Contributions to Knowledge

What has the study contributed to knowledge in both theoretical and practical terms? Beyond adding to the existing volume of works and materials on the subject area of international political economy, the study has been able to make substantial contributions to knowledge in clear, specific terms. What are these specific contributions, and to what extent have they helped in further advancing the understanding of the forces, factors and processes of the international political economy from the academic perspective of the movement of international capital by the ever growing activities of the MNCs?

1) It has not only faulted to its very foundation the theoretical position of the BWI, especially as solidly canvassed and popularly accepted in the 1980s and 1990s following the disintegration of the then Union of Soviet Socialist Republics (USSR) and the collapse of "State socialism", it has as well suggested new dimensions and perspectives to the study of FDI dimensions and perspectives that are least thought of in the existing literature..

2) It has specifically (using the Nigerian case study) helped to popularize and bring to the fore of academic debate the idea of foreign investors' understanding/impression of a country as a more profound political theory of FDI study and analysis, rather than the mundane theory of investment decisions of the Western economics brand rooted as it were in the logic of physical infrastructure and stable political system as preconditions for FDI attraction and stimulation. The study has revealed that these are factors that are only specific and internal

to the country in need of FDI, and therefore not sufficient in the search for an integrative and holistic explanation and analysis of FDI, in particular its global politics and economics.

3) The study has stirred-up a silent revolution in the epistemology of social policy design and construction especially in Africa. Not only has it questioned the embedded thoughts in which social policies are being conceptualized, reviewed and interpreted, it has suggested a way out of the imposed Western system of imperialism by ensuring that the formulation of social policies are made to reflect on critical assessments of Africa's internal needs so as to be able to determine appropriate policy priorities at meeting those needs.

4) Finally, the study has pointed attention and signaled the direction to the need for a paradigm shift in the understanding of, and solution to, the perennial crisis of underdevelopment in which Nigeria is enmeshed in; crisis which at face-value continuously supports the need for FDI. The inherited science of study, explanation and interpretation of the crisis of underdevelopment in Nigeria employs a framework of reasoning that tends to over-dramatize the overwhelming nature of the crisis and locates it to the very fact of poverty and the indispensability of FDI in breaking the vicious cycle. The new shift directs our preparedness in Nigeria on the need to evolve and develop internal domestic initiatives at stimulating abundant savings and investments from the prevailing poverty.

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APPENDICES

A. A SAMPLE OF THE ADMINISTERED QUESTIONNAIRE

Department of Political Science
University of Lagos, Akoka

Introduction:

I am a doctoral student/candidate in the department of Political Science of the University of Lagos, Akoka working on the dissertation: "Preconditions for Foreign Direct Investments Stimulation: The Nigerian Experience, 1985 – 1993". Kindly assist in providing answers to the questions confidentially and anonymously.

A. Background Information

1) May I know your highest qualifications? ____
2) What is your area of discipline, research or policy activity? ___________________________
3) For how long have you been engaging in this preoccupation? _________________________
4) What is your present cadre? ____
5) What is your institution of attachment? ____
6) Comment freely on your understanding of the activities of MNCs as the providers of Foreign Direct Investments. ____
____
____

B. Research Questions

1) What is your understanding of the Babangida Administration?
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2) How would you evaluate the philosophies of the transition-adjustment programmes?
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____
____

3) Was economic diplomacy important to the transition-adjustment programmes of the Babangida administration?
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____

4) What are the forces, factors and processes of FDI attraction and stimulation?

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____

5) How would you relate the understanding of the forces, factors and processes to the Nigerian environment under the Babangida administration?

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6) Would you say that there was an increase in both the volume and sectoral allocation of FDI in Nigeria under the Babangida administration?

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____

7) Comment freely or give a general assessment of the Babangida measures at stimulating FDI.

____
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____

B. A SAMPLE OF THE INTERVIEW QUESTIONS AND PROCEDURES

Department of Political Science
University of Lagos, Akoka

A. FORMAT:
(1) Greetings/Salutations
(2) Self-Introduction
(3) Purpose of the Interview
(4) Assurance of confidentiality

B. BACKGROUND TO THE INTERVIEW:
(1) Knowing the Interviewee
(2) Asking about his/her work environment
(3) Other informal interactions

C. INTERVIEW QUESTIONS

1) May I know your understanding and assessment of the Babangida Administration?

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____

2) How would you evaluate the philosophies of the transition-adjustment programmes?

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____
____

3) Was economic diplomacy important to the transition-adjustment programmes of the Babangida administration?

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4) What do you think are the forces, factors and processes of FDI attraction and stimulation?

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5) How would you relate the understanding of the forces, factors and processes to the Nigerian environment under the Babangida administration?

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6) Would you say that there was an increase in both the volume and sectoral allocation of FDI in Nigeria under the Babangida administration?

7) Comment freely or give a general assessment of the Babangida measures at stimulating FDI.

D. Date, Time and Period of the Interview

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