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The Emergence of Manufacturing Industry in Nigeria (1955-1978)

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ABSTRACT

In this study, the origins and development of the manufacturing sector in Nigeria is surveyed. The article has demonstrated that international capital initiated, and subsequently sustained the drive towards industrialisation in Nigeria. The state and local capital have also played an increasingly important role in the process. This study is also concerned with an analysis of relative share of the manufacturing sector in GDP in the Nigerian manufacturing sector. Its purpose is to clarify the underlying forces behind Nigerian industrialisation, the percentage distribution of some key industries of performance of the manufacturing sector among its sectors. This article further discussed the emergence of Nigerian industrialisation process. It shows that the manufacturing industry effectively started from about 1955, with multinational firms, formerly engaged in wholesale and retail trade, moving into manufacturing. The structure of the manufacturing industry thereafter showed the predominance of light consumer goods production. The capital goods sector, though quite small, expanded somewhat. The primary driving force for Nigerian industrialisation was international capital. The purpose for investment in the Nigerian manufacturing industry by international capital was to utilise the country's human and material resources to produce for profit. This was especially important because of the decline in the rate of profitability, a rise in wage rates, and the increasing excess liquidity in the developed capitalist countries. Another reason for investments was market protection. The main force behind the Nigerian industrialisation drive was the government and the demands of indigenous Nigerian businessmen as well as international capital that provided the motive force. The various strands of these arguments have been studied, using data on the historical evolution of Nigerian industrial development so as to pinpoint its source. The overall importance of this issue would be to impute the motives, and, subsequently, to explain the structure of Nigerian industrialisation and the consequences of this structure on the development of the Nigerian economy. The manufacturing sector is the driving strength behind socio-economic development of all societies the world over.

Keywords : Development, industry, manufacturing, Nigeria, policy, technology

INTRODUCTION

Most countries in Africa are at present pre-occupied with the problems of industrial backwardness, and the ways and means of overcoming it (Chinn & Prasad, 2003). The achievement of a rapid rate of industrial development is often held as the key towards overcoming the manifold problems of poverty and underdevelopment. This notion arises out of the recognition that Nigeria is part and parcel of the world capitalist system, and therefore, its industrial destiny is linked to that of international capital. Right from the period of formal colonial rule in Nigeria, the patterns of production in the country have been restructured in accordance with the interests of foreign capital (Brautigam, 1997; Onyemelukwe, 1966). The period of political independence witnessed the transfer of administration of the country to an indigenous petty-bourgeoisie, while the economy of the country, particularly its industry, was still effectively controlled by foreign capital. Over fifty years of political independence has produced some industrial development; it has also consolidated and expanded the role of international capital in Nigerian industry. International capital, however, has become increasingly multilateralised, with the emerging local bourgeoisie in Nigeria becoming integrated within it, albeit in a junior category (Beckman, 1982; 1981).

Although no comprehensive statistics on the industrial structure of Nigeria before 1960 is available to us, it is clear that, prior to 1955, there were very few manufacturing industries in existence. The foreign firms were mostly engaged in import/ export, wholesale trade, produce buying and primary processing of raw materials, while the Nigerian handicraft and small-scale industrial ventures had mainly been undermined by the mass importation of cheaper commodities (Biersteker, 2014). In the latter part of the 1950s, the foreign firms started moving into industries as breweries and making household essentials such detergents, biscuits (and to a lesser extent, cement, and tyres). Therefore, manufacturing industry in this period was almost exclusively in consumer commodities with virtually no capital goods production. The number of industrial establishments was numerically small, and the level of employment of the labour force was correspondingly low (Ayanda & Laraba, 2011). Compared to the preceding decade, there was a surge of industrial activity in the 1960s and 1970s. Between 1963 and 1978, the number of establishments had grown at a yearly average of 3.2%. The number of workers employed in turn grew at a yearly average of 13.1%, with a peak expansion rate of 59.5% in 1977/78 and the lowest of 30.8% in 1965/66 (Taiwo, 2010). Gross output grew at 17.3% in real terms, industrial costs at 15.2%, value added at 14.1%, net capital expenditure at 51.4%, non industrial cots at 24.3%, all in real terms. It must be noted, however, that these are only average figures, and there has been considerable variability in the magnitudes concerned. The period 1965/66 showed a negative growth rate for all the variables, but this can probably be attributed to the massive displacement of workers and large scale dis-investments that were brought about by the political crisis in the country.

In trying to explain the increasing shift from processing to manufacturing industries from the 1950's in Nigeria, several explanations have been preferred. The first emphasises the role of local forces, specifically the state and indigenous investors as the most significant in this context (Taiwo, 2010). The argument is that the indigenous businessmen were using their increasing political power to clamour for a bigger share in the import/export trade. In response to this, the Nigerian state took some administrative measures to enhance the role of the local businessmen. The 1972 Enterprises Promotion Decree was cited as an example of such measures. A variant of the first explanation sees the role of the Nigerian government as primary even from 1957 (Ogechukwu, 2006; Beveridge, 1991). The government was said to have used political pressure and measures of protection, to pressurise foreign firms to shift from mercantilism to manufacture. The role of the government was said to have become more important after 1968, when the government took even bolder initiatives. This was because of the worsening balance of payments situation, the shortfall of foreign finance for implementing the 1962-68 development programme, the general dwindling of foreign aid flows, and insufficient cooperation from foreign-owned commercial banks in financing indigenous firms. These economic difficulties exerted pressure on the Nigerian government into taking a nationalistic stance vis-a-vis foreign private investors. The imposition of tariff barriers and the promulgation of the indigenisation decree are seen as outcomes of this nationalistic stance. These measures in turn are said to be attempts to increase local participation as well as to make foreign firms shift from commerce to manufacture.

The second explanation advanced, like the first, emphasises the role of local forces, but in this case, specifically the Nigerian bourgeoisie (Osoba, 1978). It points out that after the local bourgeoisie acquired state power, it used tariffs, restrictions, tax incentives, favourable profit and repatriation laws to determine the pace and pattern of industrialisation in Nigeria. Thus, according to this line of argument, neither the colonial government nor the multinational firms were responsible for providing the motive force for the increasing change from agricultural and commercial production to manufacturing production.

The third explanation emphasises the role played by competition and a struggle for market protection in determining investments by multinational corporations in the Nigerian manufacturing sector (Okejiri, 2000; Muhammad et al., 2017). it asserts that during the 1929-1957 period, distributive channels for manufactured goods were concentrated in the hands of a few multinational companies with the necessary access to capital and other skills (in West Africa, there were mainly four firms – Unilever, SCOA, CFAO and John Holt, who conducted 60% of the import-export trade and through their subsidiaries and inter-locking directorships, also dominated shipping and banking). When this oligopoly position was substantially challenged by strong competition in these markets, this provided the necessary propellant for the industrial expansion of the late 1950’s as these firms withdrew into industrial production where they could maintain a new monopoly. It was suggested that the sources for the emergence of intense competition was partly because of the increased market size in Nigeria, manifesting itself in the increased demand for imports, which increased from N40 million in 1946 to N336 million by 1958 (Anyanwu, 2000). This market expansion brought in new entrants, and these can be divided into a number of categories: a) Firms already existing in Nigeria on a very small scale, but took this opportunity to expand their import/export business eg Chellerams, Chanrai and company, Bhojsons, Inlaks. Also the Greek and Levantine firms who were previously in produce buying, but now went into import/export eg Mandillas & Karibaris, S. Raccah, A.G Leventis etc. B) New foreign manufacturers, who now set up their import machinery eg Tate & Lyle, Nestle, Phillips etc. C) Nigerian traders who had been increasingly acquiring skills and capital (many were now able to go into import/export, and by 1963 were responsible for 20% of this trade) (Anyanwu, 2000; Udegbunam, 2002).

LITERATURE REVIEW

Akinlo (2004) while accepting the importance of competition and market protection in explaining the move to manufacture by foreign firms, further argues that subsequent development of the manufacturing sector needs to be explained mainly in terms of the imposition of tariffs walls by the Nigerian government and the response of the multinational corporations to such protective measures. The administrative measures taken by the Nigerian government have, in fact, increased the role played by Nigerians in the industrial development of the country (Teriba & Kayode, 1977). The indigenisation decree of 1972, for instance, affecting about 950 enterprises, has compelled about 738 of these enterprises to comply with the stipulations of the decree. The total sales values of the shares transferred amounted to N122,000,000 by 1976. For the 1977 decree, out of 1,200 enterprises affected, 1,120 complied, transferring 280,000,000 shares at a total value of N350,000,000 (Fashoyin, 1980). Unfortunately, the breakdown of compliance according to particular schedules of the decree is not available, but from the few studies already conducted, it is clear that the indigenisation decree has not threatened large-scale capital, it has mainly displaced Lebanese/Syrian and Asiatic traders (Inanga, 1978; Hoogvelt, 1979; Joseph, 1978; Biersteker, 1983), and forced so many of them to scurry down to Lagos in search of naturalisation papers. It is true that several Nigerians have captured shares not only in small-scale businesses, but also in large-scale industrial enterprises, and are using these as a basis for further accumulation. What this means, however, is not so much that industrial development is determined by Nigerian private capitalists and the state but, more fundamentally, that there is an accommodation of interest between international and local capital so that while skirmishes between them continue, they both were able to improve the conditions of their accumulation.

While this explanation provides some insight into the impact of the state in bringing about industrial development, it suffices as an explanatory variable. The variant of this argument which concentrates on the role of political pressures and economic difficulties in forcing the hand of the government does not adequately take historical factors into account. If the balance of payments deficit had a primary role as an explanatory variable, then we would have expected a considerable time lag between the appearance of balance of trade deficits and the onset of industrialisation. But industrialisation really started around 1955 and in fact right from 1950, there were a number of foreign trading firms that started withdrawing from trade into manufacture (Hoogvelt, 1979).

Referring to the second argument which emphasises the role of the local bourgeoisie, it should be realised that the Nigerian bourgeoisie does not, and cannot exist in a vacuum (Olukoshi, 1995). Historically they have been created by international capital, and still derive continuous succour and sustenance from international capital. Neither the local bourgeoisie dependent on import/export and commerce, nor the ones dependent on industrial/agricultural investments have operated without the full cooperation of international capital (Beckman, 1982). To ascribe to them the exclusive role of captains of industry, is to negate the historical experiences of Nigeria.

In discussing the third explanation, it should be noted that the variant of this explanation is essentially a development of its basic position which emphasises the importance of competition between the multinational corporations and the need for a pre-emptive market strategy. While this argument is basically correct, it suffers from the weakness that it does not explain why the competition which has always existed between multinational corporations became especially sharp at this historical juncture. The variant of the argument, by emphasising the importance of high tariff walls in encouraging local investment, it sidetracks the form which is characterised by joint-ventures and other forms of cooperation between international capital, the Nigerian government and local capital. In general, it could be observed that some of the above explanations concentrate exclusively on the role of the Nigerian government in setting out incentives to attract international capital, the putting up of tariff barriers etc (Akinlo, 2004). Others concentrate on the role of competition between the major multinational corporations and their hids for market protection. Yet others concentrate on the role of indigenous businessmen. Much as these explanations are useful in our understanding of the issues at stake, they are inadequate in explaining both motive force for initial industrialisation as well as its sustenance, and the qualitatively new forms it has been taking in the contemporary political economy of Nigeria. Instead, we would like to emphasise that no serious attempt at explaining the industrialisation process in Nigeria can afford to ignore the conditions in the metropolitan countries themselves, the home of the multinational corporations. The argument is that the conditions of profitability, the business cycles, crises of the capitalist system, wage levels, and the increasing political consciousness and unionisation of labour in the major capitalist countries have together played a crucial role in the increasing emergence of export of capital, rather than merely commodity trade, into the underdeveloped countries. These factors are also largely responsible for the increasing importance of joint ventures and turn-key projects which are important characteristics of the industrial structure of Nigeria today.

IMPETUS AND MOTIVE FORCE FOR NIGERIAN INDUSTRIALISATION

It is our contention that the primary impetus for industrialisation in Nigeria was international capital, more especially British government itself. Moreover, the industrialisation was calculated to serve the interest of private foreign capital. International capital still plays a decisive role in the industrialisation process, and it is now more than just British capital, but from other industrialised market economies as well (Dunning & Lundan, 2008). This does not, of course, imply that local forces – the Nigerian government, indigenous capitalists and even workers and peasants are irrelevant in the industrialisation process. The character of the Nigerian state, the level of accumulation of the bourgeoisie, the class struggles that occur daily between capital and labour – all these are important variables without which the character and pace of industrialisation would not be fully understood. But a brief examination of the historical roots of Nigerian industrialisation will easily reveal the primacy of international capital (Joseph, 1983).

Starting from the extractive industries, ie before manufacturing got under way, the minerals extracted were tin, coal, salt, petroleum and iron-ore. The Royal Niger Company, and later the Champion (Nigeria) Tin Fields Company in 1906 and 1910, respectively, started mineral extraction in Nigeria. Both were foreign firms using foreign capital, know-how and managerial skills. The marketing, price and output levels in mineral extraction were all determined by negotiations between international capitalist companies in a typical oligopolistic fashion, and then quotes were allocated to different companies. By 1938, there were 31 tin mining companies in operation, all foreign, with a total issued capital of N9.8 million, employing about 36,142 Nigerian (Ekundare, 1973). Most of their output was also exported. The colonial authorities even decided what was prospected for and where – they halted further prospecting for gold in the Ijesha area during the war probably because it would impair the concentration on tin production which was more crucial to the war effort. These examples are meant to show the importance of foreign capital for mineral extraction, which generally preceded manufacturing production. Even the direction of Nigerian trade was mainly determined by Britain in the interests of its ruling classes. For instance, the colonial government decided to impose a high duty on export of palm kernel to all destinations except Britain and her allies during the First World War, at a time when Germany consumed more than 70% of Nigerian palm kernel exports. A more important example is the imposition of high duties on spirits, which were mainly from Germany, because the colonial government was afraid that it would detract from Nigerian consumers' effective demand for cotton piece goods from Britain, which constituted about 30% of total Nigerian imports in 1930 (Ekundare, 1973). Tariffs and other restrictions were also imposed against Japan's cotton and other manufactured imports, simply because the goods were competing against Britain's, and hence causing market insecurity.

It was during the 1955 – 1960 period that manufacturing proper started in Nigeria as against the predominance of wholesale trade and extractive industry (Schätzl, 1973). The colonial government played an important role in this shift to manufacturing and in laying grounds for further industrial development. In 1952, it made the "Aid to Pioneer Industry"

Ordinance which gave a two year tax holiday for new industrial establishments (Anyanwu, 1997). In the implementation of the tax holiday incentives, industries with a fixed capital greater than N30,000 were given especially favourable treatment. Such industries could also write off fixed capital costs from profits in computing taxable income. The foreign multinational corporations were the main beneficiaries of these laws. The Industrial Development Ordinance of 1953, which superseded the 1952 ordinance, made conditions even more attractive for them. In 1956, the Institute of Applied Industrial Research was established to survey raw materials for use in Nigerian industries and to seek methods for increasing their production. In the same year, all the regional governments as well as the federal government began to pursue a policy for attracting foreign capital into Nigeria with the provision that industries could be set up in any part of Nigeria and for specifying areas of preferred investment by foreign capital. In 1957, the Industrial Development (Import Duties Relief) Ordinance was issued by the government allowing repayment of import duty paid on raw, semi-processed or processed materials (Ekundare, 1973), which is imported for use in manufacturing industries.

In 1959, the Investment Company of Nigeria Limited was established by the Commonwealth Development Finance Company, invited by the colonial government to help enterprises in Nigeria in the area of industrial production and other allied areas, with finance; to try and pursue foreign capital for private enterprises in Nigeria; to obtain technical and managerial experts for these companies; to attract indigenous investment (Oguntoyinbo, Areola & Filani, 1983). Subscribers to this company were firms from Nigeria, Britain, France, Switzerland, Holland, USA and Canada. The Northern Nigerian Investment Limited and the Industrial and Agricultural Company Limited, both established by the colonial Development Corporation and the Eastern Nigerian Government, were also intended to help in the industrialisation process. All the governments in the country also provided industrial estates for companies which were supplied with adequate water and feeder roads. The federal government also gave assurance that all profits from capital investments could be freely repatriated in full, at any time. Furthermore, if we examine the processing industry, which is the earliest sector in Nigerian industrialisation, it will be seen that Miller Brothers, Lever Brothers and United Africa Company were the pioneers in this area (Schätzl, 1973). These companies, which were mainly concentrated in the Lagos – Ibadan area, used foreign capital, machinery and skills to produce tobacco, soap, beer and sawmills. In fact, most of the manufacturing industries established in the 1950-60 periods were at the initiative of international capital. A few examples should suffice.

It was the Associated Portland Cement Manufacturers Limited from UK who sponsored investigations on availability of limestone, and this subsequently led to the establishment of the Associated Portland Cement Company in 1959, in which APCM Limited had a 51% shareholding. Tobacco manufacturing started in 1954, in Ibadan, by the British American Tobacco Company Limited. Later on, branches were opened in Port Harcourt and Zaria in 1956 and 1958 respectively. Beer, plastics, and scores of other products of the manufacturing sector were thus undertaken by foreign firms with the cooperation of the colonial government. The combination of private foreign entrepreneurial activity and the efforts made by the colonial administration to lay down favourable conditions for the take-off of industrialisation in Nigeria seemed to have produced substantial results. As can be seen in Table 1, the GDP share of manufacturing showed a substantial improvement especially if compared to the contribution of the mining sector which had previously been the only form of industrial endeavour.

Table 1: Relative share of the Manufacturing Sector in GDP (Figures in Nm at 1957 prices) (Ekundare, 1973)

Sector	1950	1954	1957	1960
Agriculture	771.6(56.5%)	959 (55%)	959.2 (52.7%)	1,098.8 (56%)
Mining	15.2 (1.1%)	16.2 (0.74%)	18.8 (1.03%)	16.8 (0.86%)
Manufacturing	6.258 (0.45%)	12.948 (0.74%)	2.849 (0.16%)	31.3 (1.6%)
GDP (total)	1,377.4 (100%)	1,744.2 (100%)	1,820 (100%)	1,962.6 (100%)

What is sitting is not so much the small share of manufacturing in GDP, but the rapid rate at which the relative share of manufacturing grew – a total increase of about 400% between 1950 and 1960, ie an average annual increase of 40%. The increasing importance of the manufacturing industry can further be attested to by the sectoral distribution of the Federal Loans Board and other regional financial corporations as presented in Table 2.

Table 2: Distribution of Federal Loans to sectors of the Nigerian economy (figures in ₦) (Ekundare, 1973)

Year	**Commerce**	**Industry**	**Transport**	**Total**
1955-56	2,372,000 (65%)	692,000 (18.9%)	592,000 (16.2%)	3,652,000
1956-57	3,248,000 (63.5%)	1,448,000 (28.3%)	418,000 (8.2%)	5,114,000
1957-58	2,702,000 (49.6%)	1,540,000 (28.2%)	1,270,000 (23.2%)	5,452,000
1958-59	1,870,000 (44.6%)	1,794,000 (42.8%)	526,000 (12.5%)	4,190,000
1959-60	2,148,000 (49.1%)	2,146,000 (49%)	80,000 (1.8%)	4,374,000

Examples underlining the role of competition for market shares as a motivating force for industrial investments were given. In this category is the establishment of the Nigerian Breweries Limited by UAC in 1949 which was prompted by market protected, as a reaction to the loss of initiative to Swiss capital which had displaced the UAC in Congo and Ghana. The competition between the major asbestos – cement importers in Nigeria (Turner and Newal of England and Enternit of Belgium) was also responsible for the establishment of a plant by each of them in 1959 and 1965 in different regions of the country (Akinlo, 2004). The establishment of two tyre factories in 1962 and 1965 by Dunlop and Michelin respectively, is shown to be entirely due to the manufacturers market protection. Moreover, when the federal government in Nigeria negotiated with the Danish firm of F. L. Smidt and their British associates Tunnel Portland Cement Company as consulting engineering and management agents respectively, forming the Nigerian Cement Company in 1954, the Associated Portland Cement

Manufacturers who had earlier rejected the federal government offer to establish a cement company, come up with a syndicate with Western Nigerian Development Corporation to search for viable deposits within a month of the earlier project. They finally established the West African Portland Cement Company in 1957, and this was in spite of the moderate size of the market (Biersteker, 1983). Therefore, the major objective here also was market protection. It is recognised, however, that not all industrial establishments were due to market competition. The pattern of industrial investments by PZ, Leventis and Mandillas have shown a primary concern for procuring good profitable opportunities. Investments in the textile industry also, except for the textile mill established by the Kano Citizens Trading Company, were mainly initiated by regional governments (Hoogvelt, 1979).

CHARACTERISATION OF THE NIGERIAN INDUSTRIALISATION EXPERIENCE

In an attempt to further analyse the structure of the manufacturing sector, the article is divided the sector into three categories: consumer goods, intermediate goods and capital goods. The classification is rather crude, but will at least provide us some information on the relative strengths and growth rates of these sub-sectors. 1964, 1971 and 1978 were chosen, as sample years, for this discussion. These years were chosen because they are sufficiently dispersed and the data available on them was sufficient for our purposes. As can be seen from the table 3, consumer goods production has been the most significant of the three sub-sectors.

Table 3: Percentage distribution of some key indicators of performance of the manufacturing sector among its sub-sector (Figures in % except for number of establishment) (Uwuigbe, Jafaru & Ajayi, 2012)

1964	Consumer goods	Intermediate goods	Capital goods	Total (approx)
Number of establishments	63	29.1	8	100
Number of employed	59.7	29.8	10.6	100
Wages & salaries	57	31.4	11.6	100
Gross output	48	34.6	17.4	100
Value-added	61.3	31.4	8.4	100
1971				100
Number of establishments	73.4	14.4	12.2	
Number of employed	64.6	19.4	16.0	100
Wages & salaries	67.2	19.6	13.2	100
Gross output	63.6	22.1	14.2	100
Value-added	65.8	25	9.2	100
1978				
Number of establishments	63.2	19.5	17.5	100
Number of employed	63.9	19.5	16.3	100
Wages & salaries	57.0	23.5	19.5	100
Gross output	46.4	27.8	26.0	100
Value-added	54.1	27.9	19.3	100

For all the variables analysed, the consumer goods sub-sector covered at least 42.0%, and in fact contained about two-thirds of total manufacturing sector establishments, as well as employed about two-thirds of the workers. It is important to note, however, that, although this sub-sector had grown in relative importance between 1964 and 1971, it had also shown a relative decline for all the variables between 1971 and 1978, except for number of workers employed. The most significant decline occurred in gross output and value –added. In the case of the intermediate goods sector it can be observed from Table 3 that there was a substantial decline in all the variables between 1964 and 1971 and then this sub-sector picked up again in 1978, but to a relative position that was still slightly lower than the 1964 records. It is only the capital goods sector that demonstrated an almost wholly consistent rate of growth for the three years and where, for all the variables, there was a substantial increase in relative contribution in 1978 as compared to both 1971 and 11964. Though its total contribution was relatively small, it had almost caught up with the intermediate goods sector. It might be added, however, that the capital goods sector is still dominated by assembly rather than manufacture, in agricultural machinery, automobiles, trucks and even bicycles.

Another aspect of the structure of the manufacturing sector is the relative size of the sector. The manufacturing sector in Nigeria constitutes a much smaller fraction of its gross domestic than is the case for many other African countries (Muhammad, 2013). In the light of this, the relative share of the sector is so low, and the factors accounting for the differing levels of industrial development in the third world. For instance, the relative share of manufacturing in the GDP of Argentina, Brazil, South-Korea and Taiwan is much higher than in Nigeria. Is this simply because they started earlier? If this is so, why does Kenya also have a relatively larger manufacturing sector? The proposition can be advanced than an understanding of these issues must involve an enquiry into the historical specificities of the situation, into the nature and dynamics of the links with the international capitalist economy, into the nature and dynamics of the world economy in the present epoch, and into the political economy of the underdeveloped countries. The central argument is that the third world countries that have undergone substantial industrialisation have been able to attract international capital investments for two main reasons. The first is the availability of cheap and abundant labour. The second is the present of suitable conditions for international investments. One of these conditions is the capacity and willingness of the state to fix wage rates at suitably low levels, and to put constraints on unionisation of workers. Another is the provision of industrial free zones, and other infrastructural, export and repatriation facilities. These conditions have been particularly important in Taiwan, South-Korea and Brazil. For countries like Kenya, what can be observed is that, before independence, most of the best land had been concentrated in the hands of the white settlers, hence converting most of the former small-scale peasant farmers into an agricultural wage paid labour force or into other low productivity sectors (Kim, Traore, & Warfield, 2006). Even after independence the land redistribution policies have ensured that minority large-scale farmers still held the best lands, with only the difference that indigenous

Kenyans predominated. Hence in 1950, ie well before independence, the manufacturing sector in Kenya was relatively much stronger than Nigeria's, already constituting 8.9% of Kenya's GDP. In 1954 the figures for the Belgian Congo (Zaire), Uganda, Northern Rhodesia (Zambia) and Tanganyika (Tanzania), were 5%, 7.2%, 4.0% and 2.6% respectively (Bas & Ledezma, 2015). It should be observed that these were all countries with a reasonably high white settler group. It is in this regard that Hanson & Harrison has suggested the hypothesis that the size of the white settler group is by itself a major explanatory variable for the level of industrial development (Hanson & Harrison, 1999). But the more accurate explanation is the concentration of land by the settler group, the consequent displacement of large numbers of small-scale peasant farmers and hence their availability as a supply of rootless and hence cheap labour. It is this supply of cheap labour that constituted an incentive for the establishment of industries.

In Nigeria, however, small scale agriculture, where majority of peasants continued to have access to land and small scale implements of production still predominated. This meant that widespread hunger had not yet forced them to go enmasse to accept low wages in the factories. Years of forced labour, forced taxation in cash, the encouragement of cash crop production by the colonial government, had not yet succeeded in displacing the majority of Nigerian small-scale farmers. Furthermore, political and economic infighting between the various regionally based local bourgeoisie coupled with their more or less collective and sometimes fragmented squabbles with international capital for greater access to surplus value have prevented them from consolidating into a completely unified group. Hence in spite of the series of military coups, they could not attain the political and economic basis for a sufficiently repressive state organ comparable to the Latin-America, South-Korea, Taiwanese or South African cases. The argument is that these two factors created the basis for the rather low level of international investment, and hence low level of development of the manufacturing sector. The large Nigerian population and the varied and plentiful supply of raw materials have not overshadowed these problems. But it is interesting to note that in the context of present day Nigeria, the tempo of industrial developments seems to be increasing, joint-venture are becoming more important

AN ANALYSIS OF GOVERNMENT POLICY ON INDUSTRIAL AND TECHNOLOGICAL DEVELOPMENT

The official government approach towards industrialisation in Nigeria, according to the country's industrial policy guidelines can be summarised under five points. First, there is to be a major push towards promotion of export-oriented industries, and less emphasis on import substitution. Secondly the crucial importance of private sector initiatives and joint ventures are emphasised. The public sector is to serve mainly as a service sector to the private sector. Thirdly, there is emphasis on the attainment of self-reliance by encouraging the use of local resources. Fourthly, the overall rate of growth of the economy is to be accelerated, so as to reach at least 15% during the period of the fourth national development plan (Anyanwu, 1997). Steps would also be taken to ensure that the pattern of growth is intersectorally and geographically balanced. In relation to technology, two major approaches have been delineated. The first emphases the need for massive transfer of technology from the industrialised countries. The second approach seeks to encourage the development of local technology. From the stated objectives on industrial development and technology, it is clear that the national interests of the increasingly importantly indigenous bourgeoisie are adequately represented. However, it is equally clear that the interests of international capital are still the dominant force in the Nigerian industrialisation programme. This is because there is no evidence of a substantial change in approach and in strategy, but only in emphasis (Muhammad, Buba, Agboola & Lola, 2018). The most important demonstration of this point that emerges from the official policy guidelines is the renewed emphasis on the leading role of the private sector. Given the conditions of the world capitalist system in its present stage, and given the position of third world countries within it, the reiteration of the capitalist path to development in Nigeria carries with it the implication of a more effective incorporation of the country into the world capitalist system. This implies the increased role of international capital in the domestic political economy. The continued emphasis on joint ventures in the industrialisation programme, even though it is supposed to enhance the role of the local bourgeoisie, usually works more in the interests of international capital (Ayagi, 1990).

In discussing the objective of export promotion, it should be noted that there has in fact been some expansion in exports of manufactured goods from developing countries, as can be seen in table 4.

Table 4: Developing market economies share of manufacturing exports in major markets (%) (Peters, Et al, 1981)

	1961	1965	1969	1973	1978
EEC market	4	5	6	5	7
US market	11	12	12	16	17
Japan	4	4	4	6	7

Imports of manufactured goods from developing countries as a share of domestic consumption into the developed capitalist countries (EEC, Japan, US) rose from 1.2% to 2.0% in the fifteen year period between 1960 and 1975. Textile imports from developing countries to the developed capitalist countries in turn increased from 11 billion dollars in 1972 to 21 billion dollars by 1977, and clothing from 7.5 billion dollars to 18.2 billion dollars over the same five year period. By 1977, 14% of developed capitalist countries textile imports and 40% of clothing imports were supplied by developing countries (Peters, Et al, 1981). These modest successes might have encouraged government planners in Nigeria to have hopes for the success of export promotion strategies and hence solve foreign exchange problems.

However, modest though these developments were, the response by the developed market economies has been an increase in various kinds of markets control and protectionism. The leading manufacturers and even trade unions in these countries have been clamouring for increased protectionists measures by their governments. For example, it has been estimated that over a million jobs have been lost in Western Europe in the clothing and textile industries between 1965 and 1976. Unemployment in these industries had reached 30% by 1976 (Chinn & Prasad, 2003). Under these pressures, Western Europe has been pushing a new economic doctrine. In, perhaps, the most dramatic reversal of the oft-propounded theories of comparative advantage and free trade, their theoreticians now advocate for “organised world trade”, “ordered liberalism”, phrases which are intended to provide justifications for protectionism. French Raymond Barre (Chinn & Prasad, 2003) claimed that “the free trade philosophy has been rendered obsolete by recent developments". The US and EEC first imposed tariff barriers against processed agricultural commodity imports from developing countries. Then followed restrictions against imports of cotton textiles, new restraints are now being imposed against textiles, clothing, footwear, electronics, mechanical/engineering goods, ships etc (Brautigam, 1997).

Apart from tariffs, there are also quantitative restrictions on manufactured exports of developing countries. Under the "voluntary export restriction" schemes, developing countries are made to sign agreements which have been declared illegal by GATT, for fear of more serious restrictions (Biersteker, 2014). Other forms of protectionism are subsidies given by governments in the industrialised capitalist countries to maintain otherwise weak firms, threatened by more efficient imports from mainly developing countries. An example of this is the Temporary Employment subsidy by the UK government under which companies received 20 pounds per week per worker. The industries that have benefitted most from these kinds of subsidies are clothing, footwear and textile industries, areas in which some developing countries have developed a substantial export capacity. There has been an expansion of these practices even in the US, where, between 1962 and 1975, there were 107 formally approved requests for such "trade adjustment assistance" (Ezeala -Harrison, 1993). In other cases minimum prices are imposed on imports from developing countries. Attempts by developing countries to negotiate for better access into the developed country markets under the New International Economic Order have been largely unsuccessful. As a result of all these, Taiwan has even been compelled to cancel expansion plans for all its textile firms. Thus, the prospects for any large scale entry of the markets in the US and Western Europe countries are at best uncertain.

For Japan, China, Eastern Europe and USSR, their prospects as market outlets are also uncertain. Eastern Europe and USSR conduct most of their foreign trade with each other under COMECON, and together with China, emphasise self-reliance in their industrialisation policies (Zafar, 2007). Japan is itself a relatively low wage producer of a large number of commodities and is seeking for additional international markets in the US and South East Asia. As for the Middle East and Latin America, their links with the industrialised capitalist world is such as to render them virtually impenetrable as markets for ‘Made in Nigeria’ goods.

Partly because most of the above market outlets are foreclosed, Nigeria has mainly been thinking of Africa, and especially ECOWAS as its catchment area in its new export promotion drive. But the numerous obstacles in the way of the proper functioning of ECOWAS, too well known to require elaboration here, render the ECOWAS option full of uncertainties. In any case, as we have discussed earlier, it is anticipated that production in the manufacturing sector in Nigeria will in future become even more dominated by oligopolistic firms. Therefore, market outlets will be decided on the basis of the global strategy of oligopolistic multinational corporations in terms of existing markets, agreements on reciprocal exclusivity etc. The import of these arguments is that industrialisation programmes based on export promotion are confronted with numerous obstacles and uncertainties; they are likely to achieve some measure of success only when such export promotion industries are organised with the direct participation of international capital (Akinlo, 2004).

Turning to the question of the emphasis on self-reliance, it will immediately be seen that the general strategy towards industrialisation in Nigeria has deepened integration into the world capitalist system rather than promoted self-reliance in any meaningful sense of the word. The industrialisation strategy emphasises the role of the private sector, encouragement of foreign investment and the achievement of industrialisation within the ‘shortest possible time’. It envisages the expansion of output in the manufacturing sector of the order of 15%. It seems to us that these goals are generally incompatible with the goal of self-reliance, and, in fact, much more compatible with increased dependence. Attempts are supposed to be made to ensure the increased utilisation of domestic inputs in industrialisation, but since industrialisation itself is envisaged firmly within the framework of the international capitalist system, the government can only rely on the use of incentives to private entrepreneurs to use local supplies. The experience of using such incentives so far, does nor seems to justify any substantial confidence on its success in the near future. Attempts to introduce incentives and even invoke sanctions to ensure that banks in Nigeria devote a substantial percentage of their loans to real manufacture, to agriculture and to housing, do not seem to meet with any marked success. Hence capital would utilise domestic sources of inputs only if they are available at competitive costs. But for what? Essentially to bolster profitability for these firms which operate, in many cases, in the interests of international capital. This talk about emphasis on self-reliance seems to us as no more than rhetoric, except to the extent that it enhances the role of indigenous capital.

With regards to the objective of transfer of technology, the Nigerian governments had been pursuing this policy largely within the framework of the United Nations programme on the transfer of technology. These programmes however, have been largely unsuccessful. For instance, the United Nations has itself outlined several methods used by the multinational corporations to block or circumvent the transfer of technology to developing countries (Chatterji, 2016). On the question of development of local technology, it is obvious that the fields of research, the techniques to be developed, and the marketing will be decided on the basis of class relations and the socio-economic system. These programmes on the transfer of technology and its local development are aimed essentially at bolstering the interests of the local capitalists. The lack of success of the programme suggests the relatively weaker position of local capital vis-a-vis international capital.

The analysis of empirical data on choice of techniques in the Nigerian manufacturing sector has revealed that, between 1963 and 1978, production techniques became increasingly capital intensive (Cimoli & Dosi, 1990). Furthermore, capital intensity correlates positively with labour productivity, market concentration, income inequality and low domestic industrial linkage. However, we have not been able to find any significant relationship between capital intensity on one hand, and profitability and foreign ownership on the other. Additionally, it is envisaged that the increasingly capital intensive methods of production imply that the Nigerian manufacturing sector will be increasingly integrated within the international capitalist system. This in turn implies that an integrated industrial structure in Nigeria will be increasingly difficult to attain (Muhammad, Buba, Agboola & Lola, 2018). This is closely linked to the evolving patterns of market structure in which oligopoly is becoming the dominant form. The observed positive relationship between capital intensity and market concentration also promises to enhance class formation in the Nigerian political economy. The analysis of current government policy on industrialisation and development of technology revealed that the interests of international capital are still dominant, even though local capital is struggling to improve its bargaining position.

It is clear to us from the discussion so far that the system of ownership and control in the economy as a whole is central to the question of choice of industrial techniques and the future patterns of development of the manufacturing sector. Given the capitalist form of economic system operating in this country and the class forces that are consequently generated, the impact of rising capital intensity on the future development of the manufacturing industry seem inevitable. In other words, within the present private enterprise system operating in the country, and within the international capitalist system at the present juncture, there appears to be no mechanism that can extricate the Nigerian economy from the predicted crises. The only thing that is in the agenda is the manoeuvring for position between the different agencies/combines of international capital and its ally – the Nigerian bourgeoisie. The state can also intervene to encourage the rapid development of the manufacturing sector, and to influence the distribution of resources between the contending parties. However, any serious attempt at directing resources to the most socially productive uses, or attaining a socially optimum utilisation of labour and capital, or the channelling of consumption in the most appropriate directions, requires as its pre-requisite for success, a socialised system of production and comprehensive central planning and control.

Furthermore, the issue of the choice of correct industrial technology is not just the question of choosing between capital intensive and labour intensive methods, or even an “intermediate” technology. The Chinese experience has demonstrated the importance of situating the complex problems of technology and industrial development within the broader socio-political context. This implies an integrated approach to the problem, which links together the question of appropriate technologies in industry with that in agriculture, transport and communications. In other words, the forces determining the choices of technology and the impact of such choices on other economic variables are very much political as they are economic issues. This study has therefore left a wide gap since it has considered mainly the economic dimensions and largely ignored political considerations.

CONCLUSION

Local forces, namely, the Nigerian bourgeoisie and the Nigerian state, have played an important role, in cooperation with international capital, in the drive for industrialisation. Having seen that industrialisation in Nigeria was in general initiated by international capital; the study is interested in seeing how this has influenced the technological structure and organisation of the manufacturing industry.

By 1978, the textiles/leather, drinks/tobacco, transport equipment, chemicals/related industries and industrial/agricultural machinery groups had emerged as the most capital intensive groups, in relative terms. Since there is substantial reliance on international capital for the supply of machinery, equipment, and raw materials, the dependence on international capital is likely to increase. This will further retard the forging of an integrated industrial structure in Nigeria in terms of forward and backward industrial linkages. In the light of these, prospects for the effective transfer of technology look bleak.

From the analysis of government policy towards industrialisation, the study argued that the policies are a reflection of both the interests of international capital as well as the domestic bourgeoisie in Nigeria. Where the goals of industrial policy coincide with the interests of both international and domestic capital, they are likely to succeed; whereas the goals of industrial policy which purely serve those interests of local capital which contradict the overall interests of international capital are seen to be facing numerous obstacles – their prospects for success will largely depend on the development of the local bourgeoisie.

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Appendix 1: Performance of Some Nigerian Manufacturing sector, by industries 1964

Consumer goods	**No. Of establish ment**	**No. Of employed**	**Wages & Salaries**	**Gross output (N)**	**Industrial Costs (N)**	**Value added**
Sugar confectionary	4	697	206,000	2,480,000	1,822,000	658,000
Miscel. Foods Preps	11	2,556	1,414,000	28,930,000	8,466,000	20,464,000
Meat products	8	826	370,000	2,286,000	1,506,000	780,000
Dairy Products	4	270	152,000	933,000	428,000	504,000
Fruit Canning	3	223	36,000	112,000	76,000	36,000
Grain Mill products	7	531	426,000	9,150,000	6,770,000	2,380,000
Manu. Of textiles	28	7,637	3,098,000	15,380,000	7,470,000	7,910,000
Footwear	16	1400	400,000	3,560,000	2,094,000	1,466,000
Wearing Apparel	13	493	116,000	598,000	330,000	268,000
Made-up textiles goods	5	1251	280,000	2,230,000	2,692,000	462,000

Appendix 2: Performance of Some Nigerian Manufacturing sector, by industries 1971

Consumer goods	**No. Of establish ment**	**No. Of employed**	**Wages & Salaries**	**Gross output (N)**	**Industrial Costs (N)**	**Value added**
Meat products	11	1,600	1,038	15,056	7,800	7,254
Dairy Products	3	303	264	3,504	1,634	1,870
Fruit Canning	3	250	46	190	56	134
Vegetable oil milling	34	6,009	2,134	46,844	33,112	13,732
Grain Mill products	4	1,444	1,272	35,308	24,,714	10,594

Bakery products	149	4,799	1,160	15,646	3,752	5,984
Textiles	61	32,626	5,174	167,744	90,468	77,282
Made-up-textiles	13	3,860	1,828	17,876	12,864	5,012
Wearing Apparel	23	1,553	656	5,690	4,256	1,434

Appendix 3: Performance of Some Nigerian Manufacturing sector, by industries 1978

Consumer goods	**No. Of establish ment**	**No. Of employed**	**Wages & Salaries**	**Gross output (N)**	**Industrial Costs (N)**	**Value added**
Meat products	4	1,743	3,943	70,314	14,090	56,244
Dairy Products	6	1,373	4,223	111,733	64,032	27,701
Fruit Canning	3	492	205	781	438	543
Oil and fats	32	21,600	15,929	62,879	47,976	34,903
Grain Mill products	10	11,347	1,564	58,830	34,303	22,527
Bakery products	123	88,097	8,242	80,719	31,576	45,143
Textiles	49	63,374	94,714	513,107	272,460	240,617
Made-up-textiles	10	16,501	22,852	130,500	68,106	62,494
Wearing Apparel	21	1,805	1,771	12,871	8,257	4,614