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Idealogy and Economic Development in Nigeria

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Orugbani, Adaye - Department of History and Diplomatic Studies, Faculty of Humanities, University of Port Harcourt
E-mail: orugbani47@yahoo.com

Abstract

Ideology is the body of ideas, views, theories and aims that constitute a political, social or economic programme of a state. Ideology ultimately reflects the prevailing economic relations in a state. This article is an analysis of the claim by the Nigerian ruling class that Nigeria has no ideology. The paper examines the introduction of capitalism into Nigeria during the colonial period and identified its main features namely, private ownerships of the means of production, distribution and exchange; monetization, commodity production and the introduction of wage labour. Political independence has not altered the capitalist base of the Nigerian economy. The paper concludes that because of its class interest, the post-colonial Nigerian ruling class have not only retained the free enterprise economy in Nigeria but they have also enshrined it in the 1999 constitution.

> *Ideology or no ideology, we have said that as a military regime we consider ourselves a passing phase; we think we are essentially corrective (and) do not think it is right to enforce ideology as such… We want the people to have, to select, to elect exactly what type of government they want… Our policy is "Nigeria first in everything". So if you are insisting that we must have an ideology … call it "Nigerianism" (Herskovits, 1977-1978:185)*
>
> General Yar' Adua

Introduction

By their policy statements and pronouncements, the ruling class in Nigeria maintain that Nigeria has no ideology. This claim by the ruling class contradicts their commitment to the free enterprise economy. The then Federal Minister of Finance in the First Republic, Chief Festus Okotie Eboh, rejected the call by the late Chief Obafemi Awolowo, the then Leader of the Opposition in the Federal House, for the nationalization of the insurance business in Nigeria on the grounds of ideology. According to Okotie Eboh, "… we all know that nationalization of industry is akin to communism" and went on to say that "his (Awolowo's) suggestion is economically dangerous" (Teriba and Kayode, (eds.), 1977:81).

Okotie Eboh was not the only Nigerian leader who has rejected communism. The Babanginda administration for instance, rejected the socialist alternative recommended by the Political Bureau. The Armed Forces Ruling Council rejected "The imposition of political ideology on the nation" believing that "an ideology will eventually evolve with time and political maturity" (*African Concord*. 1417/87:17).

Successive Nigerian governments have shied away from naming the dominant ideology in Nigeria. However, the statements of the Nigerian ruling class to the contrary notwithstanding, a closer examination shows that Nigeria has an ideology and that ideology is the capitalist ideology. Indeed, the 1999 Constitution prescribes a capitalist economy for Nigeria. Chapter II FUNDAMENTAL OBJECTIVES AND DIRECTIVE PRINCIPLE OF STATE POLICY provides in section 16 (d) that "without prejudice to the right of any person to participate in areas of the economy within the major sector of the economy, protect the right of every citizen to engage in any economic activities outside the major sectors of the economy" (*Constitution of Federal Republic of Nigeria 1999*). That Nigeria operates a capitalist ideology was acknowledged by the Political Bureau set up by the Babangida administration. In its report, the Political bureau stated clearly that the ideology Nigeria has used so far is "predominantly capitalist and dependent …" (*African Concord*, 14/9/89.77).

In the rest of this paper, we are going to examine the historical emergence of capitalism in Nigeria, analyse why independent Nigeria has retained the capitalist economy and the consequences for the Nigerian society of the capitalist approach to development.

The Historical Emergence of Capitalism in Nigeria
Colonial rule introduced capitalism into Nigeria. The main features of the capitalist economy in Nigeria were the concentration of the means of production, distribution and exchange in the hands of a few. In colonial Nigeria, these few were the expatriates who dominated the economy. They owned the transport, trading, shipping and mining companies as well as the banks and insurance business. In this regard, it is note worthy that what is called First Bank today was the first successful bank in Nigeria during the colonial period. It was founded in 1894 as the Bank of British West Africa. More about this later,

The expatriate control of the economy during the colonial period amounted to a monopoly of the economy. Only small scale farming and retail trade were left to Nigerians. Monopoly of the means of production is an essential feature of capitalism even in Europe. In colonial Nigeria, monopoly of the means of production enabled the colonisers to direct the economy to serve metropolitan interests.

Commodity production was the second major characteristic of capitalism in Nigeria during the colonial period. A commodity is a product made expressly for sale.

It was through commodity production that capitalism introduced the modern market economy governed by the laws of demand and supply in Nigeria. It was through the introduction of the market that land was commercialised and a labour market emerged.

Though some rudimentary elements of a market economy, particularly the use of money, existed among some Nigerian communities, during the pre-colonial era, it is correct to say that it was colonialism which monetised the Nigerian economy. As a non-monetised economy cannot be integrated into a capitalist economy, the monetisation of the pre-capitalist Nigerian economy was necessary for its integration into the colonial capitalist economy. According to Professor Claude Ake:

> *Monetisation of an economy does not simply mean the presence of money as a means of exchange. To conceive the term this way is to trivialise it to the extent of rendering it analytically useless. More fundamentally, monetisation implies the pervasiveness of money as a medium of exchange in the economy at large, the development of the*

> *attributes of what we now all the modern monetary system, including the credit system … (Ake, 1981:33).*

One result of monetization was the gradual introduction of coin currency. A case for coin currency was made by F. Reinsch when he said, "The introduction of an easily portable, universally accepted medium would wipe out more abuses in the African inland regions than any one economic change, with the possible exception of the establishment of improved means of communication (Mcphee, 1971:235).

With specific reference to Nigeria coin currency spread gradually in Southern Nigeria, especially in those areas where the indigenes had long been accustomed to European ways. In this regard, it spread quickly in the urban areas of Lagos and in other parts of what later became Southern Nigeria, than in Northern Nigeria. In 1903, the government began to import bronze coinages but the indigenes showed little inclination for it. The government at the same time sought to put a check on the circulation of the commodity currencies by laying an embargo on the importation of manilas and coppers wires. In March, 1908, the government took a more efficacious step towards the popularization of coin currency, when a new local coinage was introduced consisting of pennies and tenths of a penny. By introducing these units, the government made the first real attempt to suit the currency to the petty needs of the people and the result was a gradual success. In 1911, the government of Southern Nigeria passed the Native Currency Repeal Ordinance, thus demonetising brass rods and manilas.

Another great means, by which the government introduced coin currency into the hinterland of Nigeria apart from trade, was the policy of public works. To execute public works the government utilised the labour of the indigenes. Initially they were press-ganged into service. They later became eager workers when they discovered that they were paid with the new coin currency with which they could buy all manner of desirable commodities. These workers thus learnt to value the coin-currency on their own potency. Direct taxation was another means used by the colonial government to popularize coin currency in Nigeria. By imposing direct taxation on the indigenes; the government compelled them to accumulate a certain amount of silver coins to avoid the displeasure of the government. They were two ways in which the indigenes could collect the new currency. First, they could work for wages for an employer which could be either the government or private employers in the mining, commerce or the service sectors. The second was that they could grow surplus food crops or commercial products and sell them in the market, in exchange for the new currency (Orugbani, 2005:131-137).

It was the introduction of a portable currency that led to the emergence of commercial banking in Nigeria a *sine qua non* of capitalism. The actual beginning of banking in Nigeria dates back to 1891 when the African Banking Corporation established a branch in Lagos. The African Banking Corporation withdrew after barely twelve months. Banking in Nigeria was resuscitated when Mr. Neville persuaded Sir Alfred Jones, to buy the business. The new bank existed for over a year as a private concern, before it was at the request of the Government of Lagos, constituted as a joint-stock bank which was free from direct dependence on the shipping business. Thus, the Bank of British West Africa was registered as a limited liability company on May 31, with a paid-up capital of £12,000.

In 1899, the merchants comprising the African Association formed the Bank of Nigeria as a "counterblast" to the Bank of British West Africa. However, the Bank of Nigeria had only an anaemic existence and was bought up by the Bank of British West Africa in 1912.

In 1912, the West African Currency Board was established. The West African Currency Board supervised the issue of the new colonial currency, managed the reserves and invested and distributed the profits arising out of the introduction of the colonial currency. The Board also acted as a large-scale money-changer converting the colonial currency into sterling and vice versa. This system remained almost intact until the attainment of political independence, (Orugbani 2005:131-139).

Thus far we have analysed how colonial rule introduced capitalist economic relations in Nigeria. Private ownership of the means of production, especially the sale of land, wage labour, a portable currency and financial institutions were the key features of capitalism introduced during the colonial period. The colonial government concerned itself with providing the infrastructure for the operation of private capitalists who were mainly expatriates. The construction of roads, harbours, and railways were all designed to create the environment for private capital. It now remains for us to see how the post-colonial Nigerian state is fairing under the aegis of market economy.

Capitalism and Economic Development in Post-Colonial Nigeria

The Nigerian inheritors of the colonial state accepted as valid the specific dialectics of development identified above. Nigeria would develop, they believe not by extending the activities of the state but by keeping them within fairly well-defined bounds so that market forces could operate more successfully. National planning could provide infrastructural development; provide education and public services but not to be a substitute for the private capitalist. This concept of development is in consonance with the prescriptions of 'development economics' a new discipline created by Western social science to stimulate 'growth' in the developing countries. The broad line of this approach to development was embodied in the First National Development Plan 1962 – 1968. Ford Foundation under a technical assistance scheme provided the two American economists Professor W.F. Stolper and Dr. L.M. Hansen who drew up the plan (Aboyade, 1966:754 and Ake, 1982). The plan was not designed to change the exhibiting order but rather to enable the existing system function more efficiently. The plan saw industrialization as proceeding on import substitution lines or as being concerned with the processing of locally produced materials designed mainly for export.

Import substitution industrialization which is the corner-stone of Nigeria's development effort was started by the colonial administration when shortages during World War II necessitated the local manufacture of certain consumer goods which were hitherto imported. The First Plan recommended it as a cost-saving measure to facilitate economic development. During the First Republic, import substitution industrialization was limited to the manufacture of mainly textiles and other simple consumer items. From this modest beginning, the scope was extended to more sophisticated goods like motor vehicles and electronics. Today, there are many made in Nigeria goods in the market (Oguntoyinbo, Areola, Filans, (eds), 1998:262-266).

Though the broad outline of this strategy was contained in the First Plan, subsequent plans have adhered to it. One of the industrial objectives of the second Plan 1970-1974 was to continue the programme of import substitution … (Teriba and Kayode, (eds.) 1997:28). That policy-makers are not aware of the contradiction inherent in this line of development is clear from their policy statements. For instance, in his 1974 budget broadcast General Gowon declared:

> *The Federal Government is actively pursuing its industrialization programme. Work is in progress on the two passenger car Assemblies in Lagos and Kaduna, and it is expected that the first made in Nigeria cars should be on the road by 1975 (Oguntoyinbo, Areola, Filans, (eds.) 1978:262-266).*

The Shagari administration was of the view that 'the economy has … grown to a stage at which the import substitution strategy will also have to e applied in respect of basic industries producing intermediate and capital goods for sale to other countries (Shagari, 1981:57)

Import substitution industrialization has not changed the structure of the Nigeria economy neither has it altered its location within the international division of labour. On the contrary, it has fastened the Nigerian economy more into the apron strings of world capitalism and worsened its debt problem. Import substitution industrialization has not taken the form of the development of new product lines. It has been limited to the local assembly of well-established products in the international market as the car and electronics industry amply demonstrates. Though these products are sometimes given local brand names they are existing foreign models imported as completely knocked down parts. In other cases, it is the basic plant and technology that are imported. The Third plan, for instance, acknowledge that 'the manufacturing industry is currently dominate by assembly activities (Teriba and Kayode, (eds.) 1977:28). The belief is that import substitution industrialization would lead to a series of forward and backward linkages within the Nigerian economy, transfer technology to Nigeria, reduce foreign dependence and consequently foreign debt.

In practice, the results have not matched the expectation. According to the Fourth National Development Plan,

> *… the manufacturing sector is still to make a significant impact on the structure of the economy by way of contribution to GDP, provision of employment, enhancement of the value of natural resources, foreign exchange conservation, and promotion of wider and more effective linkages among the different sectors of the economy (Fourth National Development Plan, 1981:136).*

Import substitution industrialization has clearly not achieved its desired objective, which raises the question of when the expected linkages would occur. Here it is instructive to note that Brazil, Argentina and Mexico that adopted the same developmental strategy are among the leading debtor nations in the third world.

We do not dispute the fact that import substitution industrialization would lead to the local manufacture of some goods that were formerly imported, but other goods, technology and personnel would have to be imported to produce them. The strategy leads to more not less dependence on foreign imports. This is the contradiction of the dialectics of neo-colonial capitalist development in Nigeria.

It is not only in industry and manufacturing that the "one step forward, two steps back" scenario we identified above operates. It also operates in the area of agricultural modernization. To increase the production of local staples and cash crops, successive Nigerian governments have pursued a vigorous policy of agricultural modernization. Agricultural modernization however, depends on imported inputs and equipment for it to succeed. Thus Nigeria imports bulldozers, combine harvesters, caterpillars, wheel and crawler tractors, threshers, ploughs and harrows. In addition, inputs like seeds and fertilizers have to be imported (fourth National Development Plan, 1981:77-78).

One study of import substitution in agriculture has demonstrated how the effort of successive Nigerian governments to encourage the local cultivation of wheat has pushed Nigeria further into debt (Andrae and Beckman, 1985). The study shows the connection between import-substitution in wheat and 'capital intensive large scale irrigation schemes…" The authors point out that, '*Self-sufficiency provides good ideological cover for a process which pools Nigerian agriculture into capitalist agrarian transformation on a world scale wheat or no wheat'* (Emphasis mine). More germane to our thesis, the study points out that 'the policy of import substitution serves to entrench and reinforce the policy of massive wheat imports because of the illusion that all (or at least a significant part) can be replaced by Nigerian grown wheat in due course' (Andrae and Beckman, 1985:100). The same illusion is true with regard to industry and manufacture.

It is true that in the short run, it is inevitable that the scenario we have painted above will lead to debt, but that in the long run, the foreign exchange saving resulting from the successful implementation of the policy will cancel out the

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debt. This has been the hope of successive Nigerian governments. From our analysis, it is clear that any such hope will for a long time remain a dream. The expected savings in foreign exchange has not and will not occur for the reasons we have advanced.

Conclusion

Thus far, we have analyzed the role of ideology in the economic development of Nigeria. Our study has shown that contrary to the claim of the ruling class, capitalism is the dominant ideology in Nigeria. We have identified the main features of capitalism in Nigeria and argued that capitalism has tied Nigeria to the apron strings of the world economy. This, we argued has plunged Nigeria into debt, and created inequality within the Nigerian social formation. Finally, we argued that the free enterprise economy has been retained by the post-colonial Nigerian state due to the ideological orientation of the ruling class.

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