International Journal of Academic Studies

Indigenisation of Nigeria's Economy: Appraising the Second and Third National Development Plans, 1970-1980

Festus Chibuike Onuegbu[a,*], **Idara Hanson Aniefiok**[a]

[a] Department of History and International Studies, Nnamdi Azikiwe University, Awka, Nigeria bDepartment of History and International Studies, Nnamdi Azikiwe University, Awka, Nigeria

[*] *Corresponding author:* Festus Chibuike Onuegbu; *e-mail:* onuegbufestus@rocketmail.com

ARTICLE INFO

Article history:
Received 15th November 2016
Received in revised form 22st December 2016
Accepted 30th December 2016

Key words:

Development,
Growth,
Planning,
Indigenisation,
Dependency,
Decolonisation.

ABSTRACT

The journey of Nigeria's development planning began in the 1940s. From 1945 up to the first decade of independence, several kinds of economic plans were experimented but there were two major development plans that markedly bracketed the country's economic landscape within the period: first was the 'Ten Year Plan of Development and Welfare for Nigerians 1946-1955' and the other was the 'First National Development Plan 1962-1968', later extended to 1970. These plans, though, largely framed and supervised on colonial character, to a certain degree, stimulated economic growth and marginally improved the material condition of the people. However, a close study shows that none of these plans up to 1968 was able to factor 'indigenisation of economy' as a critical precondition for Nigeria's development until the Second and Third National Development Plans were designed. Therefore, the paper examines how 'economic indigenisation' was pursued, and the extent of its outcome, in the light of development and decolonization in Nigeria's Second and Third National Development Plans. The discourse is underpinned with 'dependency theory' as the most relevant framework of analysis. It adopts the qualitative method of research where facts are analyzed in relation to events that informed them, and relied mainly on published literature and official reports as sources of information. The paper, in its findings, argues that indigenisation as 'a national development goal' was very visible in the two development plans, and to some extent impactful, but, nevertheless, suffered external and internal 'contradictions' in its practical pursuit which the then Nigerian government could not foresee, or perhaps, shy away from. In as much as we lament over this situation, there is optimism that with the 'right economic indigenisation' Nigeria's development as well as her complete decolonisation is guaranteed.

1. Introduction

Nigeria on October 1, 1960 gained her independence from Britain. This feat, however, was markedly visible in the political space where the apparatus of political governance and administrative machineries as crafted by the British colonialists were bequeathed to a few compliable indigenous elites. On the economic level, the country was still largely in the hands of foreign interests, especially Britain. Many key economic sectors in Nigeria were owned and managed by foreigners at the expense of Nigerians: from import- export trade, mining, manufactures and industry, transport and communications, banking and insurance, currency and exchange system to agriculture, the indigenous elements were not in the control, (Ake, 2005).In other words, what Nigeria gained in October 1960 was at most political independence without economic independence; hence, there ought to be need on the part of the Nigeria Government to pursue development plans and policies geared to indigenize the country's economy.

Secondly, the collapse of the worldwide optimism generated during the Development Decade of the 1960s about the possibilities of massive foreign aid from the rich to the poor countries inevitably brought the realisation on the part of developing countries that in their desperation for economic development, they would have to rely much more on their own effort than they had supposed. Thus, the degree of emphasis the Nigerian leadership would give to development through one's own resources suggests that self-reliance is not just perceived as a strategy but as, probably, the only genuine means to ensuring one's own survival in a world environment subjected to the dictates of material power, elements of sustainable economic prosperity of a nation. .The content of industrial growth in Nigeria before the 1970s was clearly a case of 'growth without development'. Aside from the neglected cottage industry, the bulk of manufacturing activity in Nigeria was carried out by a few foreign firms with effective managerial decision-making, technical processes, and machineries, even, raw materials, imported wholesale from abroad, (Obi, 1995). Thus, the more fundamental question of raising the country's social capacity for technological development, self-reliance, and indigenisation of the production process, was not necessarily engaged before the mid-1970s.

The government was of course not unaware of this situation. The government took certain measures to increase the extent of government participation in the country's process of industrial development. Before the 1970s, public participation in the capital of foreign enterprises was undertaken partly as a means of securing local stakes that would eventually be released to private Nigerian ownership, but it was done on a narrow conception of the role of government in national development. Thus, the Second National Development Plan 1970-1975 and the Third National Development Plan 1976-1980 were greeted by atmosphere of increasing the active participation of Nigerians in their economy. This paper examines how the idea and process of indigenisation of Nigeria's economy was pursued in these two development plans. In doing this task, the paper adopts the qualitative research method, and uses the Dependency Theory to underpin the study. A kind of background to development planning in Nigeria is also featured, and the policy framework and implementations of both the Second and Third Development Plans in the light of the indigenisation of the national economy took a focal analysis.

2. Conceptual Clarifications

2.1 Indigenisation of Economy

The word 'indigenisation' is derived from the root word 'indigene' which means 'native' or 'local': that is, not alien or foreign. In this sense, therefore, indigenization implies making an idea, practice or otherwise, native or localized: that is, adapted to the domestic environment. Thus, culture, politics, religion, economy or otherwise could be indigenized. In this regard our concern is to clarify what 'indigenisation of economy' means. According to Etuk (2005), indigenization is defined as the strategic handing over of the ownership and control of productive forces, once in the hands of foreign expatriates, to the indigenous elements, often petty local entrepreneurs. Thus, when the means of production and distribution in a nation's economy are in the hands of its citizens, and not foreigners with competitive capital outlay, it is safe to say such economy is indigenized.

In another dimension, Allen (2002) defines indigenisation as economic reform process in a developing country to ensure increased participation of local factors in the production of domestic product. Put differently, indigenization lies in optimizing the local contribution to products: the local content of the product itself, in terms of the origin of the inputs, is even more important for the economy than mere juridical ownership and management. Much more relevant is the degree to which the ownership and management has effectively increased the participation of the locals in the production of the domestic output.

In the case of Nigeria's experience, the 1972 Enterprises Promotion Decree No.4 defines indigenisation policy from five related stand points, thus:

> *(a) transfer of control over small-scale industries and the service sectors of the economy to Nigerian entrepreneurs, (b)*

reduction of the incidence of profit repatriation by foreign investors operating in the country, (c) effect gradual and effective transfer of technology and managerial expertise to the emergent entrepreneurial classes in Nigeria, (d) cut down considerably the existing and future expatiate quota at the highest echelons of the Nigerian labour force, and (e) raise the level of intermediate capital goods production.

Thus, indigenization policy is often designed by the developing nations as a common economic tool to wrestle the control of their economics from the hands of foreigners for self-reliance. Therefore, indigenization of economy is simply defined as a development strategy in a developing economy to transfer the ownership and management of means of production to the locals, and increase the contributions of 'local content' to domestic production for self-reliance. Thus, any development plan in a developing economy without element of economic indigenisation may hardly engender real development.

2.2 National Development Plan

Many scholars and state policy planners have attempted several definitions on 'national development plan', either from the intellectual point of view or technical professional sense. Todaro (1989) defines national development planning as both a process and an approach through which an agency of the state articulates and executes a comprehensive and integrated policy plan to achieve certain economic targets for the growth and development of the economy on behalf of the state in stated period of time. In other words, national development plan is a policy package with a deliberate sanctioned framework for the development of a nation. Similarly, Adrian (2003) sees national economic planning as coordination through a conscious effort made by an organ of the state to engender economic development in a society. Here, national development planning involves the guidance of economic activities by the state through a scheme which describes, in quantitative as well as qualitative terms, the productive processes that ought to be undertaken within a designated period.

From the perspective of resource allocation, Gaston (2000) defines national development planning as the process of making major decisions about what and how much is to be produced and to whom is to be allocated by a determinate authority on the basis of a comprehensive survey of the economic system of society as a whole. Thus, economic planning involves deliberate decisions of a state in the allocation of economic resources for a specified target period. Nevertheless, there are 'key elements' that must factor-in before a given policy package qualifies a national development plan: the authority of a national state which acts within the framework of a system; the coordination of economic and non-economic elements; control of economic environment which includes the infrastructure of institutions; the prescription of goals, means, instruments and time horizons, and the procedure for the use of national resources. In other words, be it 'execution of a comprehensive and integrated policy plans; coordination of decision' or a framework for allocation of resources it must be defined by these key elements.

In the light of the above observation, Okigbo (1989) defines national development planning as 'the coordination of decisions or actions on behalf of a central authority for the purpose of governing the development of the whole economy and its constituent's parts so as to achieve certain goals for it, and harmonize its development with broader non-economic goals'. Therefore, 'national development plan' is defined as a deliberate and integrated policy framework determined by the agency of state for control of the economic environment organized around a set of stated objective goals together with specification of the means for achieving them within a defined period of time through a rational use of national resources.

3. Theoretical Framework

The paper adopts the Dependency Theory as the most relevant frame of analysis for this discourse. Depending theory, arguably, came up in the wake of reactions to the 'modernisation theory' as the true basis for explaining the growth and development processes of societies. The idea of dependency emerged first amongst social scientists and anti-imperial activists in Latin America such as Paul Prebisch, Celso Furtado, Theotonio Dos Santos, and Henrique F. Cardoso. It was later popularized in the decades of 1970s and 1980s by the writings of Samir Amin, Andre Gunder Frank, Paul Baran, Immanuel Wallenstein, Daniel Offiong, Walter Rodney, Okwudiba Nnoli, amongst others.

> *The dependency theory describes the world system as mutually interdependent and that the origins of persistent 'underdevelopment' or 'development' of a nation cannot be well understood without references to the nature and operation of the entire global economic system. Under-development in the third world countries is not a condition; it is rather an active process of impoverishment linked to the development of other nations. Some parts of the world are*

underdeveloped because others are developed. That is to say, 'underdevelopment' and 'development' are not separate processes but two aspects of the same process. To this end, Wallenstein (1988) holds that:

> *Economic growth in the advanced western countries created Third World's poverty in its wake: not simply that the third world countries are poor in comparison with the industrialized countries of the West rather, because development of the industrialized system in western Europe and North America changed, and impoverished, many societies in Asia, Africa, and Latin America through colonialism, imperialism, and extractive terms of trade.*

In other words, the expansion of 'industrial capitalism' with oversea capital by the West fundamentally altered the economic and social structures of other parts of the world, mostly the developing world.

Offiong (1980) notes that before the era of modern economic growth the world's major regions were not densely connected to each other, though extensive trade network existed. When capitalism began to spread, the West's search for profit and quest to drive unequal bargains through the production of agricultural goods in their oversea colonies and other lands was inadvertently set in motion. This economic expansion in Western Europe and North America resulted into 'economic deformity' in other regions of the world. To further lay credence to this analogy, the observation of Eric Williams (1981), a notable West Indian Historian is very instructive. He observes, thus:

> *The slave trade between Africa and the Caribbean islands {trans-Atlantic slave trade} was responsible for the emergence of a commercial class in Britain, and eventually for Britain's industrial revolution. Slaves were taken from Africa to the Caribbean; their unpaid and coerced labour produced such profitable commodities as sugar or cotton which were taken to Europe for huge profits… In the 18th century, Haiti, now the poorest country in the northern hemisphere, produced one-half of all the sugar and coffee consumed in Europe and the Americas, as well as substantial amount of indigo and cotton. The approximately 500,000 slaves working on the island colony's*

8000 odd plantations generated two fifths of France's oversea trade.

This example clearly explains the thrust of dependency theory: the actual creation of underdevelopment at the cost of development.

Dependency construct holds that in the course of 'interdependence' that characterized the world system, some nations or regions are much more dependent on others in the sense that any shock originating from the nature of such interdependence retards their growth as a result of gross dependence. Szentes (1984) notes that mines in the Third World produced metals and materials for the industries of the West, and it depended on cheap indentured or slave labour. Thus, many of the regions of the world were left with skewed impoverished economy and devastated populations while the developed countries gained prosperity. This was 'gross unequal exchange'.

Perhaps, the exchange may have created some new wealth in the Third World, some infrastructure may be, but it also created an international system of inequality. Dependency apologists see this process as continuing because the poor nations do not own and control their domestic means of production and wealth; hence, economic resources are externally directed. For instance, transnational corporations, largely owned by the rich countries, bargain from a position of strength, distort the local economy, create vast income gaps, impose their own priorities, and damage the domestic environment of their host. The controlling capital and investment profits of the rich countries always give false sense of development in the developing countries. Any $10 investment made from oversea capital in the developing country, $100 profit is expropriated thereof, (Henderson, 2003). It is in this light that this paper adopts 'dependency theory' as the most relevant explicatory framework; but it is not to refuse the effects of other inherent internal factors such as corruption, lack of leadership, poor policy planning and general economic mismanagement.

4. Background to Development Planning in Nigeria up to 1970

The origins of economic planning in Nigeria are readily traceable. In December 1945 a 'Ten Year Plan of Development and Welfare for Nigerians' was laid on the table of the Legislative Council of Nigeria. By 1946, a legislation incorporating the plan was adopted by the council. It was derived from the 'Colonial Development and Welfare Act' which was passed in Britain in 1940. This Act of 1940 was modeled on the 'Colonial Development Act of 1929' but, differed from it on the ground that the 1940 Act gave greater concern with 'welfare'. While the 1929 Act had been directed towards material development in the colonies, the 1940 Act gave expression to the notion of 'welfare' of the colonies. Therefore, in 1940, a Colonial Economic Advisory Committee was established with the influence of Sir Sydney Caine, the then head of Economic Department in the Colonial Office, which made long term planning in the colonies like Nigeria a reality. However, controversy soon arose over the role, status, and functions of the committee and its competence to initiate discussions on such matters as strategies for agricultural and industrial development in the colonies, colonial public debt, division of taxation between the colonies and Great Britain, and the bulk of commodity purchasing and general trade in the colonies. Since these were matters that would influence some kinds of modifications to the 1940 Act, discussions that attended to it were thrown open in 1944. A new colonial Act was promulgated in Nigeria in 1945. This Act was dubbed 'Colonial Development and Welfare Act'. It made a substantial provision of about £120 million for the plan period, 1946-1956: a ten-year development plan for colonial Nigeria. Although the concept of 'welfare' was retained in the text of the Act, the Secretary of States' Office emphasis was on the particular importance of economic development as distinct from welfare, (Ekundare, 1973).

The objectives of this plan were to improve the general health and mental condition of the people; provide rural facilities regarded as the minimum basic for the improvement of the country and its population; and minimize the rural-urban migration in the country. The plan focused more on improving the quality of life in rural sectors. Rural health, water, primary education, rural roads, agricultural production, forestry, fisheries, and host of other rural economic engagements were the main priorities, as Akinola-Arikawe (1992) rightly states. Thus, it appeared the plan did not envisage anything close to industrial development in Nigeria, but was concerned more on primary agricultural production and raw materials, and the improvement of the rural populations to the basic minimum. The table below illustrates the situation graphically.

Nevertheless, the plan could not run through the ten-year target period uninterrupted. In 1951, the Plan was revised to address some of the challenges that have come to constrain its implementation. Some of the constraints include: administration cost on the part of Britain, unavailability of trained personnel, and lack of data for proper planning. Several improvisations were made to remedy the deficiencies which altered the goal target and texture in the plan period 1951 to 1955. In 1951, the Colonial Office appointed Mr. A.R. Prest and Mr. I.G. Stewart to undertake an estimate of the Nigerian national income.

Table 1. Sector Allocation of the Ten Year Development Plan 1946-1955

	Categories	(in $000s)	Total	Percentage
1	**Utilities**		20,990.4	39.36
	Water	8062		
	Roads	7,046.3		
	Power	1,544.2		
	Communication	320		
	Maritime	3,517.9		
2	**Production**		**3,629.1**	**6.81**
	Agriculture	1,823.7		
	Livestock	681.8		
	Forestry	826.1		
	Fisheries	156.8		
	Textiles	140.7		
3	**Social services**		**14,670.9**	**27.51**
	Health	6,628.3		
	Education	5,326.6		
	Welfare	2,716		
4	**Administration**		10,149.8	19.03
5	**Financial charges**		3,859.0	7.24
6	**Others**		-	-
	Total	**53,327.2**	**53,327.2**	**100.00**

Source: Federal Office of Statistics, Lagos, Nigeria.

In 1952, the colonial government undertook a general census to obtain the requisite data for planning, as in the previous year Sir John Hicks and Sir Sydney Philips were appointed to design a system of revenue sharing between the provinces which later become regions, (Crocker, 1970). It is important to note that after the life span of the Ten Year Development Plan in 1955, the planning and conduct of economic activities in Nigeria were still geared towards the tenets of British imperial interests, other than the material development of the colonies for the benefits of the Nigerian peoples even up to the period of Nigeria-Biafra War.

In 1962, the Nigerian government promulgated the first 'national development plan' in Nigeria which was designed to run through to 1968. As a newly independent nation that had just arrived amongst the comity of nations, Nigeria had to tinker with ambitious economic strategy to chart her course for development, and such impetus informed the objectives of the First National Development Plan, 1962-1968. The objectives of the plan were stated thus: (a) to achieve a growth rate of the GDP at 4 percent per annum, (b) savings ratio to be raised to 15 percent of the GDP (c) an increment in the annual investment to 15 percent of the GDP, (d) and acceptance by both the Federal and Regional Government that agriculture, industrial, and training of manpower should remain the highest priority. The plan could be seen to be very ambitious in its objectives it set out to achieve with the public sector getting the biggest chunk of the planned expenditure. Capital projects like oil refinery in Port-Harcourt, the paper and sugar mills, and the Kainji Dam hydro power project were established. However, the decision makers' view of the concept of development in it was very much the same in the colonial 'ten-year development plan'. It focused on the provision of water, clinics and health facilities, rural feeder roads, and primary and secondary schools, though Commission on Higher Education was established under the chairmanship of Sir Eric Ashby to train manpower in the universities. Okigbo (1989) observes:

> *...in agriculture, while there was some emphasized on food production, the main attention of the government was concentrated on what were called 'cash crops' namely export crops. It was felt that the money income of the farmer could best be raised by expanding the output of 'cash' export crops through the marketing boards. There was no provision for public housing, except as to house public officials.*

In other words, not much changed from the economic development experience of the colonial period in the first national development plan period. There was no radical break with the past.

It is important to note that the 1962-1968 plan was described as the 'first national development plan' because it was the first post-independence plan, the previous one having been formulated and executed during the colonial era with very little participation by Nigerian nationals (Okigbo, 1989). Thus, the issue at stake is the degree of participation in the first national development plan by Nigerian nationals. It should be recalled that at independence, Nigeria still had on its payroll a large number of British officials in key administrative positions. The Ministry of Economic Development at the Federal level and Ministry of Economic Planning in the Regions were manned by Nigerian Permanent Secretaries, but they also employed--seconded to them under an arrangement with the Ford Foundation--economists and technicians sent to help them in framing and articulating the plan. Under this arrangement, Okigbo (1989) further observes, that:

> *At the federal government level, there was an Economist on loan from the World Bank, Mr. Prasad, attached to the Prime Minister's office as Economic Adviser, and there were Economists: Professor Wolfgang Stolpher and Dr. Lyle Hansen-attached as advisers to the Federal Ministry of Economic Development*

working out the Economic Planning Unit. At the Regional level, there were also Ford Foundation-supported economists.

Put differently, the technical professional cadres were filled by non-Nigerians who were in the service of the Federal and Regional Governments. Perhaps, by the 1960s there were few Nigerian nationals who had advanced training either in economics or in development planning studies. Thus, the interactions necessary to establish the macro economic variables were carried out by foreign experts while their Nigerian collaborators helped with the collection of the raw data.

Foreign experts, therefore, took charge of the organization of the economic aggregates which served as a basis for the macro-economic policies; they also helped to define the targets, thereby influenced the formulation of the overall objectives. Summarily, what this situation means is that Nigerian nationals did not participate much in the first national development plan as was a different experience from the colonial era. Planning was entirely the work of public officials, mainly expatriates without any pretence of consultation with the private sector. Institutions like the Nigerian Employers' Consultative Association, Nigerian Manufacturers' Association and Nigerian Chambers of Commerce were rarely consulted on specific issues. Thus, the Nigerian economy up to 1970 could not reflect the social and economic aspirations of Nigerians. The ownership and policy direction of the means of production were still in the hands of foreigners. Though, foreign expertise could have certainly improved the technical professional skill of planning in the economy, the development sought for became a bourgeois one: growth without development. There was no effort to indigenize the production process, in terms of ownership, management, and production, for self-reliance. It is against this backdrop that the two succeeding development plans in Nigeria that ran from 1970 to 1980 made significant effort to localize the management of the Nigerian economy, the nature and control of 'the outcomes' notwithstanding.

5. Shades of Indigenisation Policy in the Second National Development Plan, 1970-1974

The Nigeria-Biafra war-time experience revealed that there were important loopholes yet to be filled in the growth of the Nigerian economy, and that could not be addressed without articulate planning. The strained areas of the economy became more evident with the nature, and execution, of the 'wartime economic policies' adopted by the then Nigerian Military Government. Owing to this background of economic disequilibrium caused by the Nigeria-Biafra War, the planners of the Second National Development Plan, 1970-1974 crafted the objective goals of the plan as to achieve: a united, strong and self-reliance nation; a great and dynamic economy; a just and egalitarian society; a land of bright and full opportunities for all citizens; and a free and democratic society. These objectives were, as would be expected general in tone and content.

Perhaps, the objective that requires much further articulation here is that which refers to 'self-reliance'. It meant that Nigeria would have to depend not on external agents but on itself and on her nationals. Thus, Nigeria would: (a) produce, to the maximum extent possible, its own goods and services; consequently, it must feed itself from its own production and develop to the utmost possible its industrial capacity, (b) finance its development from its own resources, (c) rely on its own labour rather than on expatriates. There are other dimensions of self-reliance but these outlined aspects represent in summary form the directions to which policy instrument could be most possibly applied. The 1970-1974 Plan gave the public sector a major role, if self-reliance was to be achieved, and this 'dominant role' was seen in the control of productive capacity through public ownership and management of major national resources.

The Plan enunciated a policy of public ownership of industry hence the public sector was seen as the major driver of self-reliant development envisioned by the plan. To this end, the government laid concrete plans for the establishment of agro-allied industries, petrochemical and chemical industries, diversification of the textile industries, iron and steel complex, motor assembly, manufacture for exports and import substitution industries. For instance, Motor Assembly in Kaduna, Lagos, and Emene in Enugu; Bicycle Assembly in Port Harcourt; Ajaokuta Steel and Iron Complex and; Eleme and Warri Petrochemical Plants were established by the government during the life of this plan. The public investment in heavy industry would take the dominant position as an important engine of economic transformation, only if the manufacture of capital and intermediate goods had been localised. This effort by the government was to meet the need to create a strong industrial base for Nigeria which had eluded the country since the colonial days. To assist this effort, the Nigerian Government established two construction companies; the Road Construction Company of Nigeria and the Nigerian Engineering and Construction Company in 1972 and 1973 respectively, since over 60 percent of development projects involved construction in one form or the other.

Moreover, the Nigerian government in 1972 promulgated the Nigerian Enterprises Promotion Decree No. 4. This was done to increase the Nigerian participation in the ownership and management of the economy: a crucial element in the indigenisation of the Nigerian economy. By this Decree, the government would have a minimum of 65 percent of the equity of industrial plants in iron and steel, petrochemicals, fertilizer, and petroleum industries. The government would, also, control together with indigenous entrepreneurs, a minimum of 35 percent of the equity in food, forest product, building materials and construction industries'. Though, government participation in industries regarded as strategic began from 1971, the interests of Nigerians in the management of economic resources were advanced by the Enterprises Promotion Decree of 1972. Egbe (1992) notes that the Decree listed about twenty two (22) economic activities that were reserved for Nigerians. The projection was that private investors, both foreign and indigenous, would continue to have a place in Nigeria's development, but 'as partners in progress led by the public sector' for 'efficient technology transfer'.

The emergent Nigerian entrepreneurial class, whom the holding equities in several industries provided a strong incentive, was also assisted to finance industrial production with the Federal Government's establishment of the Bank of Commerce and Industry in 1972 to supplement the work of the Nigerian Industrial Development Bank. The Nigerian Agricultural Bank was, also, created in 1973 to facilitate lending for growth in agricultural production, and empower farmers to earn substantial income and promote agricultural investments. To strengthen the Nigeria Stock Exchange, established within the 1962-1968 planning period, the Capital Issues Commission was established in 1973 to boost the investment and savings credentials of Nigerian investors (Okigbo, 1983).

However, the 1970-1974 Second National Development Plan neglected issues of 'sufficient food production' and 'income redistribution' which could have been prioritized in its quest to ensure a strong, dynamic, and self-reliant nation. No nation can achieve self-reliance without sufficient food production to feed its population, or with income disparities among its population. This fundamental oversight or negligence partly stunted the indigenisation of the Nigerian economy technically envisioned in the 1970-1974 Plan; thence, the initiation of the Third National Development Plan, 1975-1980 became expedient.

6. Indigenisation of the Nigerian Economy and the Third National Development Plan, 1975-1980

The promulgation of the Third National Development Plan in March 1975 was greeted with the boom in oil revenue accrued to the Nigerian Government. The period between the middle and late 1970s saw a huge rise in the prices of crude oil {petroleum} in the world market, and this development had in a way informed the size of the third development plan in Nigeria. Ayida & Onitiri (1988) observe that the planned capital expenditure for the plan period was about N 36 billion which about 70 percent of it would be domestically sourced, and in 1976 this expenditure outlay was revised to the tune of N43 billion. This shows that the strategic rationale was to use the resources from oil to fund the plan with little or no external borrowing. Thus, the primary aim of the plan, in a summary form, was to achieve rapid increase in the standard of living of the average Nigerian. But in specific terms, the objectives of the Third Development Plan were captured by Okigbo (1989) as:

> *...an increase in per capita income; a more even distribution of income; a reduction in the level of unemployment; an increase in the supply of high-level manpower; a diversification of the economy; a balanced development; and indigenisation of economic activities.*

Going by the dictates of these objectives, one could safely say that the goal of the plan was to economically empower Nigerians by improving their material well-being.

Nevertheless, our attention here is to see how, and the extent, the 'indigenisation of economic activity' was pursued during the plan period. It is important to emphasize that it was the first time in Nigeria 'indigenisation of the economy' that a policy was expressly stated as one of the objectives of a development plan. The case of 1970-1974 Development Plan was that the pursuit of indigenization was implicitly embedded in the objectives goal of achieving a 'strong and self-reliant nation', and was facilitated by the promulgation of the Nigerian Enterprises Promotion Decree No.4. Akinola-Arikawe (1992) notes that the dimension of indigenization policy in the 1975-1980 Plan was to increase the participation by Nigerian resident factors in the production of the domestic product, and push the indigenous Nigerian private sector to the fore-front of industrial growth. In another sense, the plan emphasized more on 'local content' of the product itself, in terms of the origin of the inputs, than on mere juridical ownership of enterprises by Nigerians. The participation of Nigerians in the production of the domestic output was seen as key to effective indigenization of economic activity in the country. Therefore, it would be very unsound and deceptive to scale the degree of indigenization merely by reference to the number of companies taken over by Nigerians, or the growth in the volume of equity of these companies in the hands of the Nigerian nationals. In fact, it was why the percent contribution of 'national product' to the GDP fell far below the set target in the 1970-1974 Development Plan.

The equity shares of Nigerians in foreign enterprises in Nigeria increased, and a kind of local contribution to production were sought for in many 'light industries' which was a huge incentive to the then fledging Nigerian private sector. Olaniyan (1988) notes that by 1976, the Nigerian National Petroleum Corporation (NNPC) had owned about 48 per cent equity shares in all the foreign oil companies in Nigeria, and many Nigerians (private sector) had acquired about 39 per cent controlling equity in some productive industries: Floor mills, Sugar companies, Textiles, Cement, Beer, and other distributive companies. It is true that by law 40-60 per cent of the local ownership of all enterprises was the minimum, but that was not all. What mattered was how production could be managed by Nigerians, and inputs sourced locally. The intention was to reduce the cost of importing foreign technology and capital flight, and save foreign exchange. This situation, for instance, was reflected in the refining and internal distribution of petroleum products. Substantial public shareholdings were also acquired in the foreign owned commercial banks and insurance companies in Nigeria.

However, despite the review of the 1972 Nigerian Enterprises Promotion Decree No.4 in 1976 which tried to refocus the dimension of indigenisation policy with nationalisation of some expatriate companies, judging with the experience of the British Petroleum (BP) that became the African Petroleum (AP), the collapse of the 'oil market' in 1978 left the entire economy in a precarious position. The discriminatory nature and inherent contradictions in the indigenisation policy experience in Nigeria became obvious. The Nigerian government ran into huge external borrowings to finance the plan. Most of the expatriate companies that were supposed to be indigenized or otherwise, nationalised, were rather placed behind tariff walls in the name of sourcing foreign exchange earnings. But, this turned out a big incentive for foreign investment capital in the then emerging private sector in Nigeria.

The idea to increase the local contribution to production, in terms of input, in the plan period of 1975-1980 was almost defeated. There was no existing technological base to furnish local production. Both the entrepreneurial class and the government resorted to mass importation of intermediate and capital goods in the range of machinery and skills. Thus, the execution of the bulk of the main public projects was entrusted to foreign companies with alien technology. Except for the general labour and some local materials, most of the intermediate and capital goods were imported; so also, were most of the higher technical skills. It is only in peasant agriculture that the execution was entirely Nigerian. At the end, many industries, so indigenized, could not operate without foreign professional expertise and technology. There were no technological incentives at the local level to produce the inputs and professional managerial expertise that those industries needed; thence, there was a need to incentivize local technology or indigenously replicate the foreign technology to suit the Nigerian situation and conditions, the so called 'cost-benefit of technology transfer'.

Corruption among the Nigerian political leadership, also, hampered the policy of indigenisation of economic activity in the country. First, equity shares for Nigerians in different foreign companies in Nigeria were controlled by, mostly, few political cronies. The real indigenous entrepreneurial class was not allowed to take the lead. That is to say, the average Nigerian hardly felt any benefit of the indigenization exercise. The whole scheme almost became a kind of surreptitious arrangement to superintend the Nigerian economic resources by powerful foreign interests and few indigenous petty bourgeois elites. Secondly, most of the capital funds voted for the execution of public projects were deliberately misappropriated, and most likely never recovered. One of such classical cases was the disappearance of N2.8 billion from the accounts of NNPC in 1980 (Olaniyan, 1988). Similarly, many projects in the plan were awarded and sited on different location based on political consideration, and not on the basis of their economic viability or environmental suitability; even, some projects were corruptibly improvised outside the project list of the plan. But, that is not to argue that the pursuit of indigenisation of the Nigerian economy, either in embedded form, or expressly stated as a policy target, was a wrong approach toward the economic decolonisation of Nigeria. Rather, it was a right approach but unfortunately pursued outside the fundamental reality of the Nigerian society.

7. Conclusion

The indigenisation policy, while clearly discriminatory in its policy pursuit, might be held to have improved industrial development and trade in Nigeria more than any development policy effort that preceded it. The two major development plans that engineered it were, no doubt, the most ambitious plans in Nigeria. Though, the process of indigenization of economic activity in Nigeria's second and third development plans were fraught with fundamental constraints, it succeeded in putting the indigenous elements on the path of economic activism. Relatively, it helped to consolidate the indigenous private sector, what we may see as the enthronement of 'national capitalism' in place of 'foreign monopoly capitalism' in Nigeria. Though, it did not decolonize the country yet, economically, the path to such long term goal was actually set to that effect.

It is our suggestion that future development plans and policies in Nigeria should, as a matter of urgency, incorporate the key elements of indigenisation policy that are well revised and adaptable to the Nigerian society. This comes from the fact that the Nigerian economy in terms of production and technical expertise is still dependent on foreign inputs: a *rentier* status that has never done any good to the country. To this end, indigenisation of the Nigerian economy should seek either authentic development of local technology or, otherwise, adapt the patterns of the current foreign technology in line with the reality of social relations to factors of production in the Nigerian society. Hence, the continued execution of the current 'Local Content Policy Initiative' of the Nigerian Government to promote local participation in production and management of economic resources in Nigeria must be supported and encouraged. On the other hand, public accountability mechanisms and transparency initiatves should be strongly emphasized by the Nigerian government at all levels of public office to checkmate corruption and rape of entrusted responsibility. Effective project monitoring and evaluation must attend to any contract awarded by the government. These measures, if put in place, would avoid a repeat of another policy failure. It is most probable that genuine indigenisation of economic activity will properly decolonize Nigeria and puts it on the path rapid economic growth and sustainable development.

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