



NIGERIA'S NEOCOLONIAL CHARACTER, FOREIGN DIRECT INVESTMENTS AND INDUSTRIALIZATION IN NIGERIA, 1960 - 1985

Maurice Ayodele Coker[†]

Department of Political Science, University of Calabar, Calabar, Nigeria

Iba Jacob Omenka

Department of Political Science, Benue State University - Makurdi, Nigeria

Ugumanin Bassey Obo

Department of Political Science, University of Calabar, Calabar, Nigeria

ABSTRACT

This paper examines the impact of the neocolonial character of Nigeria on the flows of foreign direct investment and its implications for Nigerian industrialization since 1960. The extents to which foreign direct investments (FDIs) are attracted or otherwise to any nation are largely determined by the administrative, socioeconomic, and political environments. The study adopted a purely descriptive analytical survey of relevant literature. The study confirmed that; first, the Nigerian political economy is largely a discontinuous, disarticulate, astructural, rentier one which is dependent on the global capitalist system for her persistence and reproduction; second, public policy output orientations were fundamentally the expression of the interest of western capitalist class as effectively represented by their comprador local or indigenous counterparts; and third, the nature of foreign investment are such that promote the interest of the western capitalist economy, fourth, the neocolonial policy orientation of the Nigerian state tended to produce and reproduce a dependent political economy. Consequently, we recommend that: For a sustainable and favourable investment climate to insure, the following facts must be noted: (a) the economic and political sub-structures of the economy must be reformed in order to a more positive interdependent political economic system for Nigeria; (b) There must be congruency in the investment goals of foreign investors and the government or indigenous enterprises; (c) The ground rules and other rules of engagement must be made transparent, clear and unambiguous; etc

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[†] Corresponding author

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1. INTRODUCTION

This paper analyses the impact of the neocolonial character of Nigeria on the flows of foreign direct investment and its implications for Nigerian industrialization since 1960. The extents to which foreign direct investments (FDIs) are attracted or otherwise to any nation are largely determined by the administrative, socioeconomic, and political environments. Essentially, these environments are situated within an historical context. These contexts also influence the content of its public policies. Nigeria has a dependent neocolonial political economy. This is aptly demonstrated, not only in her socio-administrative character, but also, in her policy context, content and impact. The Nigerian political economy is largely a discontinuous, disarticulate, astructural, rentier one; dependent on the global capitalist system for her persistence and reproduction. Consequently, what takes place at the international market has a preponderant impact on the Nigerian State. The domestic policies are exogenously orientated, and largely converge with the interests of both the foreign and indigenous ruling classes. In fact, policy outputs reflect nothing other than the desires and aspirations of the indigenous policy elite and their foreign counterparts. The above assertion becomes clearer as we realize the nature of the Nigerian State and its implications for policy inputs and outputs. Also, we hope to evaluate within that context, the responses of both the host and investors to the policy initiatives of the host State, as well as assess the interests of the bilateral and multilateral stakeholders to Nigeria's industrial policies.

The positive and negative consequences of foreign direct investments on Nigeria are noted in the paper.

2. THE NATURE OF THE STATE AND ITS IMPACT ON POLICY ORIENTATIONS AND OUTPUTS, 1960 - 1975

Nigeria is a creation of the British. Precisely, her neocolonial foundation explains her situation, even independence as "business" outfit: an international investment by the British, whose main purpose was to invest as little as possible, but reap as much as possible as "profits." John Beecroft, who was appointed Her Majesty's Consul for the Bights of Benin and Biafra in 1849, began the colonial enterprise in earnest. However, it was Lord Lugard, first Governor-General that completed the routinization and institutionalization of the colonial enterprise in Nigeria, through the establishment of the Oil Rivers, then Niger Coast Protectorate and the Crown Colony, to the amalgamation of the Southern and Northern Protectorates in 1914. It is necessary to add that, all these political activities incorporated the imperialist' religious, social, legal, and economic superstructures to the territory, which was eventually, christened "Nigeria." In fact, the political aspect predominantly determined the leeway for economic domination of the enclave. Fundamentally, the economic activities initiated and maintained in the country were purely commercially oriented. The prominence given to commerce (dominated by foreigners), is illustrated by its having official representations in the various colonial constitutions. A primary objective of the colonial administration was the creation of Nigeria as a source of cheap raw materials and a profitable market for her finished products. Consequently, Britain encouraged her transnational corporations that were commercially oriented to take advantage of the opportunity. Little emphasis was placed on manufacturing, which is the bedrock of industrialization. This paper posits that during the colonial period, little was done to substantially provide the requisite industrial

infrastructure in the country. For instance, financial and technological capital bases were inadequate for any serious industrial production. Thus, foreign interests stringently directed and controlled the Nigerian economy, as local participation was indeed minimal.

This situation was expected to change from 1960 when Nigeria became independent and, especially the first republic (1963 –1966). During this period, policy makers adopted the “open door” industrialization policy, alongside a policy of state intervention in economic activities as a strategy for controlling the “commanding heights” of the nation’s economy. Both the federal and regional governments established innumerable public and state-owned enterprises across the country. The “open door” policy of industrialization that emphasized import-substitution and export-oriented economy encouraged the inflow of multinational corporations into the country, albeit in the form of Assembling Plants for Completely-Knocked-Down (CKD) parts these: MNCs did not really transfer the much-needed technology to Nigeria. The local content value added to the manufacturing sub-sector also, was very insignificant, since the “assembling plants” and depots were merely involved in packaging and distribution of semi-finished or finished goods imported from abroad. This partially explains why these foreign companies used Nigeria as a dumping ground for all kinds of goods, including obsolete ones (Coker, 2008).

It is against these reservations that, when the military took over power in 1966 -1975, they immediately undertook to effectively expand indigenous participation in the economy by promulgating the [Nigerian Enterprises Promotion Decree \(1972,1977\)](#). The Decree was aimed at circumscribing the nature of investments foreigners were expected to patronize with a view to directing foreign investments to areas where Nigerians could not excel or lacked the requisite production factors. The Decree demarcated the economy into four distinct sectors, namely those,

- (a) Reserved exclusively for Government;
- (b) Reserved Exclusively for Nigerians (Schedule 1);
- (c) Open to collaboration between Government and Private foreign or local investors; and,
- (d) Open to collaboration between local private and foreign investors (Schedule II & III).

Of course, the policy did not achieve the desired goal due to the unholy collaboration of the indigenous and foreign businessmen to sabotage the programme. For instance, Nigerians as Managing Directors, acted as “fronts” for the foreign businessmen who were the actual owners of some of these companies and, who wielded the real executive power (controlling power) as it affected when, how, when, where goods and services are procured and distributed (Akinsanya, cited in [Akinsanya and Gordon Idang \(2002\)](#)).

Direct foreign investments in Nigeria from 1960s to 1975 tended to concentrate more on commercial than manufacturing activities. This is illustrated in the nature of multinational companies that traversed the length and breadth of the country, from their first contact with the natives, through colonial, to the postcolonial periods. These companies included the Royal Niger Company, SCOA, FCOA, Lever Brothers, G.B. Olivant, PZ, etc. The first major diversification in their activities was in the mining sub-sector, with the exploration, and exploitation activities in Tin, Columbite, Coal, Petroleum, etc. they were particularly focussed in the buying and exports of primary produce such as Oil Palm, Groundnut Hide and Skin and Cocoa; rather than, processing them into manufactured goods.. Even then, in the petroleum sub-sector, the companies involved were interested in exploiting Nigeria’s crude petroleum product for direct export to feed the

refineries in Europe and America. It was not until the period of Gowon that, the first and second petroleum refineries were established in Port Harcourt and Kaduna respectively (Coker, 2008).

Though the DFIs in Nigeria have contributed modestly to the economy, there are also some negative impacts. These negative impacts are human right abuses, economic loss through gas flare, health hazards due to dumping of toxic waste, rising level of unemployment due to destruction of natural resources. Others include dumping of inferior products and services, loss of revenue through capital flight, unemployment, and mal-nourishment, complicity with government's security agents in wanton abuses of human rights of host communities, insecurity of lives and property (in the Niger Delta area) and high level of bureaucratic corruption. Indeed, the list is inexhaustible. Amidst all these, the pertinent question becomes, is there any congruity between the interests of the state and those of MNCs in Nigeria? This question is very pertinent because the ability of the Nigerian state to achieve sustainable development is largely depended on what happens in the centres of global capitalist system. Since, there is a dearth of requisite indigenous industrial finances; Nigeria sought foreign finances for her development plans. Consequently, the Western capitalist countries vetted her development plans and other public policies as a condition for the needed financial assistance. This implies that rather than being self-reliant, Nigeria has become a beggar nation, despite her vast and enormous physical and natural resources. Nigeria has become more dependent on foreign inputs in order to prosecute her socioeconomic development programmes. In fact, Nigeria's economy has become astructural, disarticulate and uncompetitive as a result of formulating and implementing programmes that do not synergies the vertical, horizontal, backward and forward linkages of the economic activities.

3. THE NATURE OF THE STATE AND ITS IMPACT ON POLICY ORIENTATIONS AND OUTPUTS, 1976-1986

Like the period, that spanned 1966 to 1975, most of the period between 1976 to 1986 Nigeria was under military rule. We have noted the enactment of the NEPD by the Gowon's administration in 1972, whose effective date was put at 1975. The NEPD was improved upon in 1977. The Decree was expected to increase indigenous participation in the economic affairs of the nation. It was never intended to limit foreign investments. However, investments have dwindled as a result of political instability occasioned by frequent military coups d' etat and summary execution of failed coup plotters. In themselves, military regimes are aberrations. The civil war and indeed the military had opened up the country in all spheres of development, both positively and negatively. One of the negative impacts induced by military legislation, which tended to militate against the flows of direct foreign investments into Nigeria, was the enactment of a series of Decrees. One of these was the Exchange Control (Anti-Sabotage) Decree 1984, which specifically put a peg on the amount of foreign currency to be taken out or brought into Nigeria. In that circumstance, it became unwise to invest in the country, as it would first, be difficult to acquire the necessary fund, second, to repatriate "profits" tangential to business investments. It was in pursuant of the execution of provisions of Decree, that one of Nigeria foremost musician Fela Anikulapo Kuti was jailed for an alleged currency trafficking.

Bureaucratic corruption, as we have noted earlier, impacted negatively on the desire to invest in Nigeria. Most investors, in view of these cankerous tendencies and its philistine implications on

the socioeconomic and political fabric of any nation frowned at these practices. Foreign investment was at its ebb, hence, in 1975 the Mohammed/Obasanjo regime as they took over the mantle of leadership, promised to correct the ills of their predecessor. The public service was put on focus; a mass “purge” was initiated to rid the system of corrupt personnel, tagged “dead woods”, “sit-tight”, and “redundant” public servants. In foreign policy posture, the regime was more self-assertive. Africa remained its centrepiece in foreign policy making. Some of the policy measures taken by the Mohammed/Obasanjo regime were not only very bold and assertive; they tended to conflict with the policy expectations of the West. The reaction of Abacha to the decolonization of Africa (with particular reference to Angola, Zimbabwe, and Namibia) pitched him confrontational posture with the president Gerald Ford of the US. Another was the struggle to end apartheid regime in South Africa. Of particular note was the Nigerian government’s position on the recognition of the MPLA in Angola, a position that was clearly a deviation of the positions of both the British and the United States Governments. The unease engendered by these issue, tended to activate sour socioeconomic and political relationship between Nigeria and most Investor States as their interest became apparently threatened as demonstrated in the case of the nationalization of the British Petroleum in 1976. The above contexts partially provide an answer to the fact that, in spite of the signing of the Hickenlooper Agreement between Nigeria and the US in 1975, American nationals were very cautious in committing their finances to investments in Nigeria. Apparently, one area of incentive to investors that was put in place by the Mohammed/Obasanjo regime was the enactment of the Land Use Decree/Act in 1975. The purpose of the Act was to facilitate the acquisition of land for public and industrial use by both local and foreign interests. Curiously, events in Nigeria have demonstrated that the Land Use Decree/Act was a class instrument fashioned by the ruling class to systematically dispossess the downtrodden of their land. It was not a policy spurred by nationalism.

Obasanjo ruled up to 1979 and handed over to Alhaji Shehu Shagari after a very controversial presidential general election. The Shagari regime incorporated much of the processes and institutions created by its predecessor (precisely, these institutions and processes were incorporated to the Nigerian Constitution (1979) by the Obasanjo military-led government) into her programmes. The Shagari administration was however sacked in 1983 by the Buhari/Idiagbon led military. The Federal Military government under Buhari commenced negotiations for an IMF loan, which was largely unpopular with the Nigerian masses, most of who were put off by the conditionality that would accompany the loan facility. For instance, the acceptance of the loan and its conditionality would have amounted to surrendering Nigerian sovereignty to IMF. It would also worsen the economic predicaments of Nigeria, as the experience of countries such as Ghana and Zambia that had earlier undergone that process had demonstrated. The Buhari regime did not live long to take definite decision on the matter before Babangida overthrew it. On the whole, the policy outputs of the regime were very harsh. Indeed, investors were scared away from Nigeria during this period. In the subsection that follows we evaluate the policy inputs, outputs and outcome from the Babangida era to-date.

4. THE NATURE OF THE STATE AND ITS IMPACT ON POLICY ORIENTATIONS AND OUTPUTS, 1986 -2005

The era of liberalization of the Nigerian economy coincided with the Babangida's regime. The Babangida's regime initiated the Structural Adjustment Programmes (SAP) in July 1986, amidst overwhelming protestations by the masses of the people. For the regime, SAP formed the bedrock upon which the nation's industrial policy and revised attitude toward foreign direct investments was to be built (Osunbor, 1991). The SAP measures were enunciated in a government document titled *Industrial Policy of Nigeria (1989)*. Even though the regime had made sustained efforts since 1986 to attract DFIS into Nigeria having recognized the negative attitude adopted by investors during the era of Indigenization, SAP set out to solve the inherent problems of the Indigenization policy. It wanted to do this in three ways (Osunbor, 1991). First, to remove some of the bottlenecks that had proved as major impediments to genuine foreign investments. These included the abolition of import licensing system and a liberalized access to foreign exchange, both of which aided the massive corruption and acted as disincentives to foreign investors; the use of Form M for the purpose of procuring foreign exchange for import which was outlawed, as Manufacturers were required to procure the necessary foreign exchange from their bankers; second, the need to improve the country's image abroad. This meant maintaining closer contacts with trade missions, with interested foreign investors, as well as cultivating, improving, and consolidating on bilateral trade links with other countries; third, the repeal of the Nigerian Enterprises Promotion Act, 1977 and, its replacement with the Nigerian Enterprises Promotion Decree No. 54 of 1989. A number of reasons were given for the repeal of the *Nigerian Enterprises Promotion Decree (1972,1977)* such as the fact that the total exclusion of foreign investors from the class of enterprises in Schedule I, resulted in forced divestment of ownership by foreign investors; the introduction of ceiling on the level of participation in enterprises allowed foreign investor, meant government indirectly expropriated the property owned by foreigners; government's acquisition of shares in some enterprises for the purpose of attaining the mandated equity participation by Nigeria, led to undue interference in business, which ought to be left for the businessmen.

Despite these, the NEPD 1989 was aimed at accelerating enhanced level of direct foreign investment as a strategy for achieving a faster rate of economic recovery. A projected ₦300 million was anticipated in foreign capital by allowing the Nigerian Stock Exchange to issue non-voting equity shares to be sold to foreign and indigenous investors. The meeting of that target was very doubtful however. One thing was obvious about the NEPD 1989, which is that it was construed as:

The product of uncertainty by government still trying to make up its mind to what extent it could open its doors to foreign investment without setting off a sensitive political backlash (Osunbor, 1991).

In 1989, the Government enacted the Industrial Development Coordinating Committee (IDDC) Decree No. 36. The Industrial Development Co-ordinating Committee established under the Decree, was meant to provide potential investors with information or explanations on investment matters. Before 1988, potential investors were faced with uncertainty and confusion as to which institution/s or process (es) should guide their establishing foreign investments in Nigeria. This was in view of the plurality of government agencies associated with such matter. IDDC had promised to eradicate some of these problems, especially those arising from the multiplicity of

government agencies or departments. In a nutshell, IDDC was vested with the function of co-ordinating and approving, at the federal level the establishment of new industries and business undertakings, as well as operate government measures and schemes was aimed at promoting the industrialization of Nigeria. Also, the body was vested with the sole responsibility of granting *pre-investing approvals* required under the various laws affecting investments. The Committee set for itself a maximum period of 30 days within which applications submitted to it were dealt with and applicants notified accordingly. The establishment of the Committee has fulfilled the aspiration and demand of the people for a central agency for screening, coordinating, and granting of approvals, for the establishment of businesses, especially through foreign investments. In the succeeding years, the inadequacies of the agency were exposed, leading to its replacement by the Nigerian Investment Promotion Commission (NIPC).

The NEPD was further amended in 1989 to permit 80 per cent foreign business ownership against the former 60 per cent. Also, the amendment provided for only one schedule of which all businesses on it were exclusively reserved for Nigerian citizens. It further stipulated that aliens may be owners of an enterprise mentioned on the schedule, provided its capitalization is not less ₦20 million. This particular proviso was aimed at injecting substantial foreign capital into the country. Another impact of abrogating schedules 2 and 3 was that all former restrictions on foreign ownership and participation in industrial enterprises in Nigeria had been removed. In view of the above, one can safely adduce that NEPD 1989 had created greater opportunities for foreign investors than were envisaged in the [Industrial Policy of Nigeria \(1989\)](#).

The Debt Conversion programme was another step undertaken by Nigeria to attract foreign investments into the country during this period. Under the supervision of the Central Bank of Nigeria, the debt conversion programme had emerged as a very important source of fresh investments in Nigeria. The programme provided that any approved investment made from the proceeds of conversion, shall be recognized, and treated as investment made in foreign currency, including the repatriation of capital.

The above efforts tended to be counterproductive, as the regime had started on a note of highhandedness especially on perceived dissenting voices or oppositions. To achieve a modicum of legitimacy, the regime employed an unprecedented sophistication in blackmail, unwarranted arrests and detention, and outright assassinations of political opponents. The social, economic and political environments were quiet unsafe, as many critics of the government went on self-exile in order to avert unpleasant reprisals from government agents. Nigeria was declared unsafe by several foreign governments and their nationals barred from, or advised against visiting or doing business in Nigeria. The West made concerted efforts to ostracize Nigeria from the comity of nations. The height of these efforts was witnessed during the Abacha regime. In fact, Nigeria was declared a pariah nation. Nigeria was expelled from the Commonwealth of Nations. Indeed, the unending transition from military to civilian rules initiated first, by Babangida and later, by Abacha left much to be desired in the area of confidence building in both Nigerians and foreigners. All these impacted negatively on the ability of Nigeria to attract direct foreign investments to the country.

Nigeria's march to democracy in 1999 came as a relief. The task of laundering the bastardized international image of the country fell on Olusegun Obasanjo. One of his immediate concerns for remedying the situation was how to rid the country of corruption, smuggling, drug trafficking,

advanced fee fraud, and the nation's pariah status. These required a lot of diplomacy, and re-negotiation of the trade terms on both bilateral and multilateral bases, re-commitment to regional and international peace, and reopening of Nigerian markets to foreign investors. One might ask, what is Nigeria's investment climate in the contemporary times, after the efforts to tackle the above problems? Has the government's policy of wooing foreign investors made any meaningful impact after six years of the Obasanjo's administration? What factors have enhanced or militated against the flow of foreign investments to Nigeria?

During the past years, in spite the efforts of the Obasanjo's administration, corruption for instance still looms high. Ample evidence of cases of corrupt practices and other related offences still abound. Cases of Advanced Fee Fraud (419) are still very common in Nigeria. These are reflected in the numerous dubious advanced fee payments to faceless Nigerian businessmen by foreign businessmen, and increasing rate of Internet Scam, traceable to Nigerians both at home and abroad. Police and other paramilitary agents such as Customs and Immigration personnel demand for gratification forcefully from motorists, importers, and expatriates respectively. The poor state of many basic social infrastructures is yet to improve. Indeed, roads in the South-South and South-Eastern parts of the country are in deplorable conditions. The National Electricity Power Authority (NEPA), now Power Holding Company of Nigeria (PHCN) has been unable to provide the necessary electric power due to lack of capacity to do so. The level of unemployment is rising steadily daily, due to inadequacies of the employment policy. The educational system is in near comatose, due to poor funding and periodic strikes by the academic staff of the nation's academic institutions, etc. Without doubt, these factors and many more have tended to discourage foreign investments into the country. In a nutshell, although the international community sees Nigeria as a nation with abundant human and mineral resources, a big consumer market, the semi-stable polity, unstable economic base, low-level security of lives and property and a neck braking cost of business operation, they however agree that, the deregulation of the economic sector, has yielded some fruits. A good example is the telecommunication sector, which has increased the nation's teledensity and has reduced the cost of telephone acquisition and charges. Privatization has encouraged investment and optimal performance of former government-owned organizations. The Nigerian private sector has become more vibrant and innovative. Indigenous entrepreneurship has been encouraged with more businesses in the service sector and support services. Indeed, Nigeria's investment environment can improve if the government takes a more proactive stance and confronts issues head-on without sentiments and political considerations. This will entail patience, planning, and fiscal discipline, a sense of direction, and focus on good leadership.

5. SUMMARY AND CONCLUSION

From the foregoing the following summary and conclusion are drawn. It has become clear that:

1. In the past the attitude of Nigerians toward direct foreign investments had been more or less hostile. During that period, the MNCs were perceived as ruthless exploiters of Nigeria's invaluable human and material resources. Such skepticism and suspicion might not have been misplaced given the historical experience of the people under colonialism. The Imperialist antecedence of these transnational enterprises did not prove contrary to their exploitative tendencies. However, as the MNCs have come to show concern about the host communities'

grievances and plights, by providing for them certain welfare package, the hostile attitudes of the host communities have been tempered considerably. The establishment of the NDDC; the approval of 13 per cent derivation revenue to the oil producing States; and, the abolition of the On-Shore/Off-Shore oil dichotomy from the Federal Revenue Allocation and Sharing formula among others, have not really doused major hostilities and instability in the Niger Delta area. This had always adversely affected the operations of MNCs as explained earlier.

2. For a sustainable and favourable investment climate to insure, the following facts must be noted:

- a) There must be congruency in the investment goals of the investors and the government or enterprise;
- b) The ground rules and other rules of engagement must be made transparent, clear and unambiguous;
- c) There must be guarantee for the protection and safety of the intrinsic value of the investors assets; and,
- d) There must be a reasonable and adequate security of lives and property and, at the least possible cost to the investor, if at any at all.

3. The exact roles of the indigenous (both civilian and military) elites in fashioning industrial policies in Nigeria. Their roles must be in congruence with that of the masses if programme goal/s is to be achieved.

4. The level of commitment of political leadership to industrial development through direct foreign investments in Nigeria must be demonstrated in strict compliance with due process and programme specifications. Apparent lack of commitment of the political leadership to address problems of corruption and other related offences contributes to the low level of Nigeria socioeconomic development. However, the fight against corruption and related offences by the Obasanjo's administration has improved the level of competitiveness of the Nigerian economy.

5. Lack of confidence of Nigerians in Diaspora to invest in their country. It is an incontrovertible fact that if positive steps are taken in that direction, substantial volume of foreign investments can be achieved.

6. Nigeria can achieve rapid socioeconomic development if it can strike a balance between policies aimed at domestic and foreign investments. It is within this context that we see the establishment of Transcorp Plc as capable of synergising economic development in Nigeria.

7. The high level of socioeconomic and political instability precipitated by oppressive and irresponsible governments in Nigeria over the years has impacted negatively on the desire by foreign businesses to investment in the country. Investments (domestic or foreign) can only take place in an enabling environment. Hence, we strongly suggest that efforts should be made to contain and resolve all contentious issues that may likely militate against the flow of foreign investments into Nigeria.

8. Above all, requisite investment infrastructure should be established, maintained and strengthened if positive results are desirable. In this direction, the tenets of good governance, transparency, accountability, diligence, and the democratization of the

economy must be pursued vigorously. It is obvious that with requisite incentives, and given the large population of the country, Nigeria will definitely become investment destination for prospective foreign enterprises.

6. POLICY IMPLICATIONS AND THE WAY FORWARD

In view of the neo-colonial character of the Nigerian economy the following policy measures are prescribed towards an accelerated multinational led-industrialization of Nigeria.

1. The government, through the Nigerian Investment Promotion Commission should identify sound projects measures in order to facilitate proper project identification and formulation. Programme monitoring and evaluation should be part of programme package to ensure programme success. In the past, most policies failed because programme successes were taken for granted. Political leaders believed that once programmes were formulated and requisite fund made available, that programme success is assured. Indeed, the import-substitution-led industrialization, and the indigenization-inspired industrialization suffered from such lapse. For the current SAP to succeed emphasis must be on monitoring and evaluation of programme package from time to time.
2. Government's role in socioeconomic and political development should be more proactive than reactionary. The government should in earnest take bold initiatives in prudently harnessing all possible resources from the private and public sectors for a rapid socioeconomic development of the nation. Perhaps, the Korean initiative of the "pumping" policy may be adopted and adapted to suit our peculiar circumstances. It is obvious that, the above cue has informed the Obasanjo administration to set up the first indigenous national transnational enterprise; Transcorp Plc, in order to harness the economic potential of the country. Much will be achieved should the government develop national corporations in strategic industries, such as in shipping, defence, manufacturing, and heavy chemicals. The benefits of the national corporations in Nigeria would mean: the realization of the aspirations of Nigerians to control the "commanding heights" of their economy; improvements in technological level in manufacturing, earning of foreign exchange arising from economies of scale in productions; and the retention of profits in the country, which would have a multiplier effect on the investment, consumption and production levels of the economy.
3. The government in order to encourage foreign investments should provide industrial incentives in the form of financial and non-financial benefits to investors. Loans for special purposes, tax and tariff exemptions should be granted. Also, pre-purchase orders by the government and other administrative interventions and accommodation should be performed.
4. In order to meet international expectations, Joseph Sanusi, a one-time Governor of Central Bank of Nigeria, (cited earlier), had admonished that economic reforms should be undertaken with view to attracting foreign investment. Sanusi, while imploring the international community to explore ways of investing in countries that that hitherto been shunned by transnational corporations because of narrow market base, however noted the imperative economic reforms in those countries. These reforms should include, improve

governance; maintenance of macroeconomic stability; and effective regulation and supervision of the financial sectors. The government in Nigeria has taken the above admonition very seriously, as it provided the platform upon which the IMF-inspired SAP was sold to the ruling class in Nigeria.

5. The Nigerian State has an all-encompassing role to establish an environment that encourages private sector activity, while ensuring that services are provided where market fails. The uncritical adoption of SAP in more than one way has shifted the burden of achieving the condition onto the masses, who reeling under it might even pose a threat to it. For instance, following the implementation of the prescriptions of SAP, the prices of petroleum products have been hiked several times within 2005 alone. Withdrawals of subsidies on certain infrastructures have tended to worsen rather improve their conditions. This implies that deteriorated infrastructures are bound to act as a disincentive to investment by foreigners. No foreign investor will appreciate doing business in an environment where overhead costs dwindle the profits. For instance, the study has noted instances where the poor state of electricity supply in the country led to some companies either closing shop or producing at a very low capacity. Again, such low voltages of electricity delivered or power outages have resulted in damages to equipment or fire outbreaks. Definitely, common sense dictates that such economic environment should be avoided. To that extent, the low level of foreign investment flows into Nigeria might be attributed to the above explanation.
6. Adherence to the indigenous commercial law as well as the provisions of bilateral and multilateral agreement contributes to flow of DFIs into Nigeria. They provide the basis for legal business relations, particularly with regards to enforcement of contract obligations. Foreign investments thrive where there are assurances of guarantee of the right to property, and safeguard reasonable standard of law and order.
7. The content of Nigeria's industrial policies should address the needs of the people. However, it has been confirmed that their inputs are formulated largely abroad. The genuine opposition by the people are mostly often discountenanced. The implementation of SAP is a good example. Hence, programme failure. Conditions will greatly improve if it is internally generated, and is masses-oriented. The interests of the ruling class must be encapsulated by those of the masses. This is the best way by which the expected support for policy outputs can be ascertained. SAP, experiences have shown tends to displace indigenous philosophical basis of development and undermine the political and socioeconomic orientations of the people. The people are left to the mercies of the dictates of the western capitalist societies with whom they are unequally yoked. This furthers their dependence and underdevelopment. Under such circumstances, the MNCs rather become "engine of growth" (or development), become agents of "development of underdevelopment" in the Third World countries such as Nigeria. It is proffered here that, rather than accept the setting up of business outfits for completely-knocked-down (CKD) components, and taking a cue from the Asian countries, Nigerians must insist on entering into Build Operate and Transfer (BOT) joint business ventures, green field business ventures. Subsidiaries of the MNCs must be involved in actual manufacturing within the

Nigerian territory. This is about the only way through which the much needed transfer of technology may be attained. Indeed, the various Economic Free Zones established in most States of the federation provide the necessary facilities for such ventures to be consummated.

8. Corruption and other related offences have been identified as an albatross on Nigeria's quest to attract DFIs. The situation was very deplorable, especially during the Babangida regime. Under Babangida, "Settlement" (his strain of Bribery) was raised to the level of statecraft in order to acquire the necessary acceptance and legitimacy. Due process and diligence in administration became secondary. Contrarily, confidence in Nigeria's business environment was greatly eroded. The period of Abacha administration that witnessed the "Failed Banks" scenario further aggravated the economic predicaments of the country. The study reveals that Obasanjo's civilian government is doing a lot to reverse this trend with relative success. Steps are taken to survey the supply side of corruption, and MNCs found complicit are accordingly penalized. The image of the country has improved tremendously and more foreign investors are willing to do business in the country.
9. The steps undertaken to improve the state of infrastructures in Nigeria are commendable. It is worth emphasizing that the maintenance and reproduction of those facilities are crucial as their procurement. This has been the bane of the Nigerian society. Since, the government cannot do it all alone, the government should ensure an appropriate framework through which the private sector can procure, install and maintain the necessary inputs. The setting up of the BPE and its appendages are also commendable. However, for success to be achieved, a high degree of transparency, accountability should be upheld. It is this in regard, that the ethos of diligence and due process currently exhibited by BPE in its privatization bids is believed to have motivated the interest of foreign core investors in the bidding exercise. This is a departure from the approach of the erstwhile TCPC. Also, the Nigerian Investment Promotion Commission was an improvement on the IDDC as a one-stop agency for the registration and control of business enterprises in Nigeria in terms of structural and functional responsibilities.
10. On capital formation, the looting and financial laundering of the nation have had adverse impact on investments and industrialization of Nigeria. Hence, appropriate measures should be invoked to check such menaces. A fraction of the money lost in this manner is not only adequate for funding of industrial projects in the country but can pay off both the indigenous and foreign debts allegedly owed by Nigeria.

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