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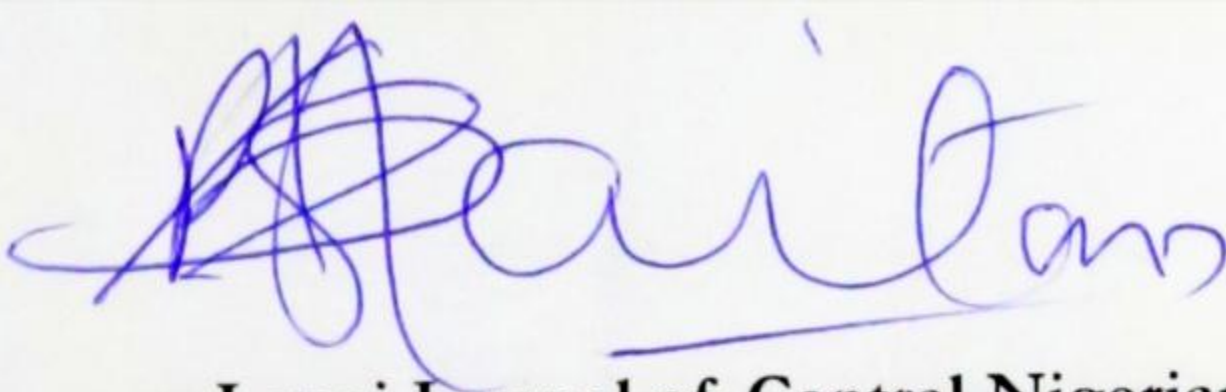
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- Papers should be accompanied by an abstract and should be typed double-spaced on one side of A4 paper and must not exceed 15 pages or 6000 words in length.
- All charts/diagrams which must not exceed 3.5 inches by 5.0 inches should be scanned and fixed into appropriate positions within the text.
- Authors should adopt the MLA referencing style and endnotes should be used instead of footnotes.
- Articles should be submitted in hard copy to:

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Notice of National Conference

Organized by the
Department of History and Archaeology,
IBRAHIM BADAMASI BABANGIDA UNIVERSITY,
PMB 11, LAPAI, NIGER STATE.

Theme:
A Decade of Democracy
(1999-2009): Reflections on Nigeria's Fourth
Republic

Date: 18-20 May 2009.

OPENING CEREMONY: Monday, 18 May 2009.

Time: 9.00 am

Venue: Cafeteria, IBB University, Lapai.

Keynote Address:

Prof. Attahiru Jega,
Vice Chancellor, Bayero University, Kano.

SYNDICATE SESSIONS: Tuesday, 19 May 2009.

Venues: SPGS Building and Library Complex.

**Staff, students and the general public
are invited to attend.**

RSVP: Conference Secretary:
07034518326, 08026982735, 08050838303

Export Agriculture and “Food Crisis” in Colonial Asaba and Aboh Divisions of Western Nigeria, With Particular Reference to Reform Efforts During the 1940s

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Abstract

This study focuses on a basic contradiction in the colonial capitalist mode of production, namely the negative impact of the expansion of export agricultural production on food production. The British colonial administration had privatised agricultural raw material production to meet the industrial needs of factories and plants at home. The expansion of export agriculture encroached on the food-producing communal lands. The peasantry had responded positively to the opportunities offered by the expatriate firms which bought up the export produce. When in the 1940s the colonial administration attempted to regulate and control export agricultural production as a means of safeguarding the land for food crops production, thereby ensuring regular food supplies to the urban centres and also to the Allied forces during the Second World War, the attempt was largely unsuccessful as the peasantry needed cash earnings – guaranteed by export agriculture – to survive in the monetised colonial economy. Thus more and more of communal lands continued to be committed to export agricultural production to the detriment of food production. The attempt by the colonial administration to control the prices of foodstuffs was another exercise in futility, because the peasantry resisted the control measures, as the prices of imported products were not similarly controlled.

Introduction

The cornerstone of British colonial economic policies in Nigeria was the expansion in the production of agricultural export crops.¹ Of course, the aim was to ensure a regular flow of industrial raw materials to British firms. In

Ihekun and the final grade is the king. Now the Ihekun grade is very unique in that there people on grade are the leaders of their various wards and can never become the king. All these are put in place to guide and protect the interest of the people.

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Impacts of Structural Adjustment Programme of 1986 on Industrial Establishments in Kwara State, 1986-1999

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Abstract

This paper examines succinctly the background objectives, elements and execution of the structural adjustment programme (S A P) in Nigeria, as it affects the industrial sector of Kwara State. The objectives, achievement and shortcoming of the four cardinal instruments of the programmes are reviewed. These instruments were exchange rate, deregulation of interest rates, trade liberalization and privatization/commercialization of public enterprises. The paper discovered that though SFEM stopped the overvaluation of the Naira but all failed to achieve reasonable exchanged rate for it. This unstable value of the nation's currency, therefore, discouraged capital inflow for meaningful industrial growth because investors did not have confidence in the currency. Beside the devaluation of the Naira, the effects of other components of SAP, such as deregulation of interest rate, trade liberalization and the stoppage of government subsidies to state owned industries were also considered.

Introduction

The origins of the modern industrial sector in Nigeria could be traced back to the early 1940s. This was the time during which the major foreign trading companies which dominated the colonial raw material economy started to modify the structure of their operations in such a way as to enable them to make a transition away from purely commercial activities into some form of import-substitution manufacturing (Olukoshi 1986: 115, Kilby 1969:120). By the beginning of 1946, a large number of Nigerians has been employed in the manufacturing sector as wage labourers. Markets also sprang up in large towns to absorb products manufactured locally. Also, basic infrastructural facilities such as roads and rail network as well as water and electricity to support a process of industrialization had been put in place (Olukoshi 1986:115-147).

Most of the colonial factories operating in the country generally, were engaged in the production of light industrial commodities such as detergents, soft drinks, leather goods, textiles, confectionary and alcoholic drinks. Thus, the foreign corporations did not have to engaged in serious new research since the technology for the production of their commodities had already been standardized in their countries. They, therefore, told their parent bodies or associates in Europe to transfer in a package form, some of the production techniques which they needed for local manufacturing in Nigeria.

After independence, the Nigeria manufacturing sector continued to depend on the factories that depended on foreign sources of input, using foreign exchange generated by the economy. Thus, up to the early 1970, foreign exchange incomes generated from the export of primary commodities were used to import industrial inputs such as machinery, spare parts and raw materials. There was no meaningful attempt by the manufacturing sector to source their inputs locally. What this meant was that peasant agricultural and mining activities fed the local industrialization process through the external sector, rather than directly. Consequently, the agricultural sector was denied the benefits of industrialization as the industrial sector itself relied on foreign sources for its raw material needs (Olukoshi 1987:55). This meant that foreign exchange earnings were not growing much faster than the country's import bills; a crisis of immense proportions in the Nigerian economy was thus a matter of times. Over the years, the Nigerian policy planners and leading industrial associations did not reduce the import dependence of the manufacturing sector. The internal dependence of the manufacturing sector on imported items which led to the internal weakness of the industrial sector led to structural distortions in the economy which were not addressed (Teriba and Kayode 1981:18-30). Unfortunately for the country, the oil boom of the 1970s raised revenue for the country to the extent that serious attentions was no longer paid to the inherent problems that existed in the agricultural and manufacturing sectors. Indeed, towards the end of the 1970s, Nigeria became a net importer of agricultural products (Olukoshi 1986:61-63, Bangura 1987:5). In 1980, oil contribution to the GDP attained 28 percent, about 81 percent of the whole revenue accrued to the nation (Aikoye 1994:450).

Agriculture was forgotten and because of the tremendous trade surplus and foreign exchange derived from oil, the country's economy came to depend more on imported food, raw materials and other intermediate inputs. When the United States and her major allies decided to limit their oil imports to countries in the western hemisphere, particularly the non-OPEC countries because of geopolitical and strategic factors, world oil glut arose in the early 1980s, which resorted to some structural programme and its consequence such as foreign exchange scarcity, capacity under-utilization, global recession, unemployment, inflation, raising public debts and import bill, balance of payments difficulties,

low productivity and other general social problems (Aikoye 1994, 450-451). Quite clearly, the nation's economy was in serious trouble and the industrial sector in particular was faced with a major crisis which necessitated an adjustment programme to combat these structural problems.

When the International Monetary Fund (IMF) was contacted for possible solution, it offered the country a loan on conditions such as devaluation of the Naira, reduction of public expenditure, removal of subsidies and wage freeze. Nigerians rejected these conditions after a nation wide debate and the nation opted for an alternative, designed by herself and for herself (Aikoye 1994:451). This led to the Structural Adjustment Programme (SAP) in July 1986 by the Babangida regime.

Our attempt is, therefore, to X-ray the impact of SAP, vis-à-vis the Kwara State industrial sector. In the introduction, an effort has been made to examine the background of SAP. In section two, the paper discusses the objectives, the four inter-related policy measures used to correct the imbalances in the economy generally. Section three of the paper looks at the direct implications of these measures on Kwara State Industries. Section four concludes our discussion.

Objectives of SAP and Its Four Measures

As officially stated by the government, the objectives of SAP included (Philips and Ndekwa 1987, Okongwu 1987):

- (i) The restructuring and diversification of the Nigerian economy in order to reduce the country's dependence on the oil sector and imports.
- (ii) The achievement of fiscal and balance of payment viability for the country in the short to medium term.
- (iii) The establishment of the basis for a sustainable non-inflationary or minimal inflationary growth; and
- (iv) The reduction of the dominance of unproductive investment in the public sector, the improvement of the sectors efficiency, as well as the enhancement of the growth potential of the private sector.

These objectives were intended to be achieved through (Philips and Ndekwa, 1987:18-20; Okongwu, 1987:3-5).

- (a) The strengthening of demand management policies;
- (b) The adoption of measure, to stimulate domestic production and broaden the supply based of the economy
- (c) The adoption of a realistic exchange rate policy through the establishment of a Second –Tier Foreign Exchange Market (SFEM), later renamed the Foreign Exchange Market (FEM).

- (d) The rationalization and restructuring of the country's tariff regime in order to aid the promotion of industrial diversification;
- (e) The progressive liberalization of trade and payments;
- (f) The adoption of appropriate pricing policies for public enterprises;
- (g) The rationalization and commercialization/ privatization of public sector enterprises;

As regards the industrial sector, SAP intention was to (Olukoshi 1984:61).

- (a) Encourage the accelerated development and use of local raw materials and intermediate inputs while at the same time discourage the importation of these inputs;
- (b) Encourage the development and utilization of local technology
- (c) Increase substantially the level of local value added in the manufacturing sector;
- (d) Promote the development of export oriented industries
- (e) Generate factory employment through the encouragement of private sector's small and medium scale manufacturing concerns;
- (f) Remove bottlenecks and constraints that hamper industrial development, including infrastructural and administrative deficiencies;
- (g) Attract foreign investment through the creation of more liberal investment climate, the establishment of local foreign exchange domiciliary accounts and the adoption of an incomes policy favourable to international capital; and
- (h) Liberalize controls to facilitate greater indigenous and foreign investment.

As said before, the adjustment of the exchange rate of the nation's currency was the pillar of SAP. Before the introduction of SAP, the World Bank and even the IMF said that the Naira was grossly over-valued (Phillips and Ndekwe, 1987) which made Nigeria to have unjust high import profile. Therefore, there should be a 25 to 30 percent initial devaluation, to be followed by a quarterly review until the element of over-valuation would be eliminated (Bangura 1987).

In line with the suggested measures by the IMF, SAP included an interim tariff structure in which the duty on raw materials was put in the range of 10 to 18 percent, final durable consumer goods at 20 to 30 percent and final non-durable non-basic consumer goods at 100 to 120 percent (Bangura, 1987:2-5). In January 1988, a fully revised tariff structure which replaced the interim, said to have meant to encourage inward looking industrial production was introduced.

Deregulation of interest rates was also an important component of SAP. The IMF and the World Bank condemned the system whereby interest rate

remained fixed under the control of the Central Bank. Under SAP, all forms of control on interest rates were stopped. Market forces were to determine the rate and the minimum rediscount rate from 11 percent to 15 percent thereby effectively prevented commercial banks from charging interest at a rate below 15 percent if transactions were to be profitable (Bangura 1987:5). Consequently by 1990, interest rate shot up from its initial 13 percent to between 28 and 30 percent (Olukoshi 1988:63).

Trade liberalization also formed another component of SAP. It was also recommended by the IMF team as a measure to solve the nation's balance of payment problems. The attack on the IMF does as it concerns liberalization was premised on the fact that the country depended on a single commodity (oil) as her export commodity. An opinion on liberalization was that it would open the country's economy, and thereby encourage more capital inflow which would lead to industrial growth. When liberalization commenced, 30 percent across board was levied against all imports. Industrialists were not too satisfied with this because, they still had increasing devaluation of the Naira to contend with. There were also records of malpractices in the way import licenses were used (Olashore 1991:58-64).

In the mid 1980s, evidence from a wide range of industrial establishment indicted that many state owned establishments had been economically inefficient and had incurred heavy financial losses. This made the World Bank in 1983 to recommend stoppage of government subsidies to state owned industrial establishments (The Report 1984:2-6). In the budget of 1988 therefore, a list of state own establishments to be sold was released. They were categorized into whether they would be privatized or commercialized fully or partially. The technical committee on privatization and commercialization was inaugurated to oversee the exercise throughout the federation.

Implications of SAP Measures on Kwara State Industries

Some two decades after its introduction, it is not a gain saying that SAP has had considerable and far-reaching consequences on Kwara State industries. As indicated, one of the main objectives of the programme was to force industries to look inwards for their raw materials and other inputs. The fact that the level of performance of individual industries has been uneven. Olukoshi categorized the nation's industries into three when SAP was introduced. He used their source of raw materials and inputs as yardstick (Olukoshi 1984:63-66).

First, there were those which needed to continue to import raw materials until an adequate local raw material base was established. Second their were firms for which in the foreseeable future a local raw material base could not be developed simply because the inputs which they needed were either not available at all or were to be found in non-commercial quantities. Third, there

of their low capital base could not compete well with the large scale industries in the purchase of foreign exchange on the foreign exchange market. Their problems worsened by the fact that most of them were again unable to raise loans at the high rates of interest that prevailed in the Nigerian economy. They needed many more thousands of Naira to procure the same quantity in inputs to stay in business. The problem which this posed for them was that even if they managed to produce, their commodities could not find market as said above.

Conclusion

The picture which we have painted so far is one which the impact of Structural Adjustment Programme on the Kwara State's industries had dramatic and negative consequences for manufacturing business. The rate of closure of firms was not matched by the rate of formation of new ones. The loss of capacity which arose from raw materials shortage was not in anyway matched by expansion of production by industries for which inputs were available locally. In other words, since the introduction of SAP, it severely undermined the old structure of manufacturing in the state without replacing it with new inward looking production industries that would enable the manufacturing sector to retain its share of the state gross domestic product (GDP).

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