Full Length Research Paper

Corruption and implications for industrial development in Nigeria

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Corruption is the bane of Nigeria's socio-economic development. This paper specifically examines critically how corruption and other associated factors led to the failure of two state-owned public institutions (automobile and steel industries) that would have launched the country into an industrial nation to reckon with, not only in Africa but also in the entire world. Locating corruption in Nigeria within the theoretical context of neo-colonial political economy which stifled the economy led to the followings: profligacy of the state, nepotism and ethnicity in recruitment and promotion of public officers and personnel to manage the affairs of these industries as well as the unbridled accumulation of material wealth by the officers and personnel themselves at the expense of the public institutions. The hope and aspiration of Nigeria becoming an industrialised nation has been dashed. The paper concludes that unless there is a concerted effort by the state and all other stakeholders to fight against corruption in the system, the hope and aspiration of industrial development in Nigeria will remain a mirage.

Key words: Corruption, industrial development, political economy, structural adjustment.

INTRODUCTION

Industrial and technological infrastructures are the main drivers of national development. A country that achieves this has the greater prospect of meeting the needs and aspirations of its people. However, in a situation where this is distorted by the officials of the state through corrupt practices, the consequences can be disastrous for the masses and the nation at large. Corruption is a worldwide phenomenon. It has been a global scourge since civilization began. Simply defined by Transparency International and the World Bank as the abuse of public office for private gains, it has permeated the socio-economic and political fabrics of the world (Fakoya and Lalude, 2001). What may constitute a corrupt practice may vary from one society to another (Odekunle, 1983; Okafor, 2005) but the effects are usually same – stunted socio-economic development and poor living standard

on the part of the masses.

The forces of globalisation have incorporated African continent into the world capitalist economy, and it has been shown that the level of technological and industrial development of most African countries left much to be desired and it is no where near what most countries of Europe and American and other countries like Asian countries like Japan, Indonesia, Malaysia, South Korea and China have achieved (Kim, 1997; World Bank, 1999; Mazrui, 2001; Offiong, 2001). These countries have achieved high level of technological and industrial development even with little or no known natural resources. However, most countries in African and Nigeria in particular are lagging behind in technological and industrial development even with abundant human and natural resources.

What are the reasons for this and what are the implications of this for the nation? This is the question this paper tries to address. To do this, two technological and industrial projects that would have brought Nigeria to a reckoning will be reviewed. The paper will also discuss how corruption and other associated factors scuttled the projects with wide range of implications for technological and industrial development in Nigeria.

The concepts of corruption and industrial development

Corruption as a concept has attracted a number of definitions from various disciplines and scholars. It will be impossible to exhaust such definitions in this paper. However, as a working concept, corruption can be defined sociologically as any act or behaviour that contravenes societal approved standard and negatively valued by large number of individuals in the society (Odekunle, 1983). Corruption, from economic viewpoint, is defined, generally, as the misuse of a position/title of authority for private/personal and/or group benefit or gain, and this "misuse" typically connotes a breach of legal norms (Misangyi et al., 2008).

From the above definitions, one can infer that the action of someone in position of authority using such position or status to subvert due process or to use such position for undue material enrichment therefore constitutes corruption. This practice goes by different names such as; bribery, kickbacks, nepotism, sexual inducement, sorting, extortion, patronage, peddling, fraud, embezzlement, misappropriation and so on (Ashforth et al., 2008). Scholars have attempted to categorize corrupt acts into different types. These include; political corruption, economic corruption, bureaucratic corruption, executive corruption, legislative corruption, judicial corruption and moral and religious corruption (Olopoenia 1998; Ajayi, 2001; Okafor, 2005; Umunna, 2007). The implication here is that corruption permeates all aspects of human existence in the society. Hence corruption is not peculiar to any continent, region, ethnic group, faith, political system, profession, age group or gender. However, the magnitude of corruption may vary from one country to another, group to group, person to person, organization to organization, or region to region. Therefore, no nation or business organization, profit or non-profit, is totally free of corruption either at the executive level or the employee level. Corruption is an economic, social and political malaise. It threatens growth, development and stability of nations' systems, constrains the ability and capacity to attract foreign direct investment (FDI), damages national development reforms and retards the growth of democratic institutions and systems (Gore, 1998; Lange, 2008; Osuagwu, 2012).

Industrial development, on the other hand, is the ability of a country to manufacture equipment and gadgets that

will propel massive improvement in the quality of lives of individuals in the society. The relationship between technological and industrial development is two-way approach. Whereas technological development propels industrialisation and promotes the development of the capacity to manufacture goods, particularly capital goods, industrial development in turn provides the impetus for technological development and innovation (Gapanski, 1996). A major prerequisite for this transformation is the acquisition of technological capacity – that is, the ability to select, diffuse, develop or adapt technology and build on imported technology. Countries that have experienced rapid growth in recent times (notably Singapore, Korea and Taiwan) have adopted the strategy of importing and building on established technology from abroad (Westphal et al., 1985; Oyelaran-Oyeyinka et al., 1996; Afonja, 2003; Haruna, 2012).

Characteristically, developing nations are exporters of unprocessed raw material required in the industrialised countries, both as inputs for their industries and, in some cases as food for their predominantly urbanized population. However, most of them have not been able to effectively apply the proceeds to industrialisation (Hodder, 1973; Ernst and O' Connor, 1989). The underdevelopment in the sub-Saharan African region in spite of the enormous resources is due to several factors associated with corruption, poor leadership and poorly articulated and unstable development and industrial policies (Babalakins, 1982; Kayode et al., 1994; World Bank, 1999; Haruna, 2012).

It is pertinent to state that industrialisation in Africa has been largely as a result of import substitution strategy. Prior to industrialisation the trade in most countries was dominated by multi-national companies. Many of these companies eventually imported technology for local production of their main lines, taking advantage of cheap labour. This approach to industrial development has done very little to stimulate the acquisition of local technological capability since the choice of technology, equipment, installation as well as the simple routine maintenance are carried out by expatriates (Ernst et al., 1994). Unfortunately, public funded projects do suffer from technical partner syndrome (Akamatsu, 1962; Herrick and Kindleberger, 1984). One of the first steps in starting most public project is the appointment of a technical partner who selects the technology and equipment. Quite often the selected partner lacks competency and sub contracts the project to third parties. These technical aspects of the project are designed to ensure perpetual dependence on the technical partner, with little or no chance of technology transfer to local personnel (Tambunlertchai, 1994). By contrast, India at the initial state of industrial development relied heavily on the purchase of franchise of well established technologies. The technical skills gained in operating these franchises eventually led to the development of local capability to manufacture similar products locally,

and today, India is a major exporter of technology, particularly industrial machinery (machine tools, electric motors, diesel engines, high technology furnaces, etc). The point here is that technical progress is a vital requirement for sustainable industrialisation. However, the type of industrial growth which has taken place in Nigeria has failed to stimulate technical progress as (Chenery, 1960; Oyelaran-Oyeyinka, 1997). Despite the fact that most of the countries in the sub-region spend substantial proportions of their annual budgets importing technology and the products of technology, there has been little progress in the acquisition of technological capability (World Bank, 1999). The wholesale adoption of complex western industrial techniques which in many cases grind to a halt or have made little impact on industrial development has been the practice of many countries in the sub-region. Quite often, the problem is not due to failure to assimilate technology but due to corruption and the absence of adaptation to new technology which further industrial growth needs (Afonja, 2003; Ebosele, 2012).

Technological and industrial development: The Nigeria experience

Nigeria is one of the richest countries in Africa in terms of natural and human resources. The country is the sixth largest exporter of crude oil and has extensive reserves of natural gas, solid minerals and forest resources (NPC and ICF Macro, 2009), but is also one of the poorest in terms of human development and poverty, trailing behind Gabon, Cameroon, Kenya, Ghana, Lesotho, Namibia and Botswana (NBS, 2010a; 2010b; Osarenren, 2011). A scholar in comparing the pace of industrialisation in Nigeria and Japan aptly described Nigeria as that 'country which has everything and produces nothing, and Japan as that which has nothing and produces everything' (Ayoade, 2010). The industry is at a rudimentary stage of development, mostly producing import substitution and low-technology products. Attempts to develop more technology intensive industries have failed woefully (Ehusani, 2002; Onumah, 2012). For instance, four of the six automobile plants have collapsed and the two surviving ones are operating at less than 10 per cent capacity; the three paper projects have closed down; the five steel projects are in comatose; the petrochemical and fertilizer plants are operating epileptically and the small scale industrial base has collapsed (Akinaso, 2012; Awoyemi, 2012; Nnodim, 2012).

A critical review of two national projects identified by some scholars (Mohammed, 2002; Afonja, 2003; Abimboye, 2010; Akaeze, 2010; Chigbo, 2010; Okoronkwo, 2012) which were designed to stimulate the industrial development will not only buttress the above point but also highlight how major fundamental and

structural problems and corruption militated against the full industrialisation of the nation. The two major projects examined below were purposely selected because they should have held the key to technological and industrial development of the country and more importantly vital lessons could be drawn from the manner they were established and managed thereafter.

First, is the case of the automobile industry which particularly highlights the flaws in Nigeria's development strategy. In pursuance of the strategy of import substitution industrialisation, the Nigerian government in the mid 1970s commissioned six automobile plants, all of them assembly plants on turnkey basis: (Peugeot Automobile Nigeria Ltd. (PAN) (Kaduna), Leyland Nigeria Ltd. (Ibadan), Volkswagen of Nigeria (VWoN) (Lagos), Anambra Motor Manufacturing Company (ANAMMCO) (Enugu), FIAT Nigeria Ltd (Kano), and Steyr Nigeria Ltd (Bauchi). They comprised two passenger car plants and four commercial vehicle plants. According to the terms of the agreement between the government and the foreign automobile companies, the selection of technology, backward integration and progression from assembly to manufacturing were virtually left to the discretion of the latter. For example, although the contract agreement specified that the car assembly plants must achieve a 50 per cent local content by value within five years and 100 per cent in thirteen years, findings showed that as at 2010 - after over thirty years of operation, the only surviving plants have not achieved more than about 20 per cent locally manufactured component input and this has been limited to components which require rudimentary technology (Haruna, 2012; Okoronkwo, 2012). These include; manufacturing of windscreen which involves cutting up imported sheet glass and pressing to shape, production of ignition coil which merely involves the assembly of foreign manufactured components, petrol tanks constructed from three-piece, pre-pressed imported components, batteries assembled from imported plate and shell components, upholstery and tyres. At present, no single local manufacturer makes simple bolts and nuts of acceptable automobile quality. The foreign partners in the car assembly projects claimed that the contract was not explicit on who was expected to produce the local components. The usual practice internationally is that, while automobile plants may set up subsidiaries to produce such critical components as the engine and transmission, the bulk of the inputs are sourced from independent small companies. Unfortunately the Nigerian environment has not been conducive to the proliferation of small manufacturing companies capable of making automobile components of acceptable quality. Furthermore, the proliferation of models of Nigerian cars has given wide latitude for substantive product differentiation, which makes local manufacture of components unattractive and uneconomical. In over thirty years of operation, one of the car assembly plants has introduced as many as twenty five models, apart from the

hundreds of other models of imported new and used vehicles (Ebosele, 2012; Haruna, 2012; Okoronkwo, 2012). The experience of India is again relevant here. India which has a population of at least ten times that of Nigeria commissioned only one car assembly plant which produced only one model in 1948 (Ernst and O' Connor, 1989).

The model which was based on a famous British phased out model (the Morris Minor) has been retained to date but has been re-designed and upgraded. All the components are now manufactured locally by small companies which enjoy considerable government assistance, and can be purchased from a grocery store. About thirty years ago, the country introduced another model which happened to be another phased out European model. An obvious advantage of this strategy is that the tooling can be purchased very cheaply and the production technology easily mastered. Nigeria has a lot to learn from this experience.

The second project is the steel industry which is a major national project that has failed to achieve the planned objective of stimulating technological and industrial growth. Planning for the national steel industry started in 1958 with the search for the major raw materials and the commissioning of market surveys. However, the feasibility reports were negative but, in 1967 another study was conducted by United Nations Industrial Development Organisation (UNIDO) which established a potential market for steel products. This led to the commissioning of geological survey by the Soviet Union to determine the availability of the major raw materials. Based on the results, the Nigerian government decided to set up an integrated steel plant to produce 1.3 million tons per year of steel by the blast furnace route primarily for construction, although the proposal by the technical partners was for an equal mix of long products (constructional steel) and flats (manufacturing steel), apparently because of the boom in the construction industry in the mid 1970s.

The Nigerian Steel Development Authority (NSDA) was set up in April 1971 to work with the technical partners (Techno-export of the Soviet Union) in planning and execution of the project. The project was one of the core projects listed in the Second National Development Plan (1970–75). The friction between the NSDA and the supervising Ministry (Federal Ministry of Industries) led to the initiation of a rival project by the latter, based on the direct reduction route (Berger, 1980). Both projects adopted the same product mix and the combined design capacity by far exceeded the market projections for steel profiles, which constituted only about 40 per cent of the potential steel market. The demand for flat steel was much higher (about 60 per cent). Curiously, government decided to adopt the projects, locating the blast furnace plant in Ajaokuta in Kogi State (Ajaokuta Steel Company) and the direct reduction plant (Delta Steel Company) in Aladja in present Delta state (Mohammed, 2002).

Delta Steel Plant was designed, as an integrated facility comprising four electric steel furnaces to feed four rolling mills. For socio-political reasons government decided to relocate three of the rolling mills in Osogbo, Jos and Katsina (Mohammed, 2002; Abimboye, 2010). This decision spelt doom for the rolling mills from the start. There was no provision for transporting the surplus billets to be produced by Aladja to the rolling mills. There was no rail link between Delta Steel Plant and any of the rolling mills and road transportation was impracticable since each rolling mill would require one thousand tons of billets daily (about fifty trailer loads). For the simple fact that Delta Steel Plant was run as a government parastatal, it never achieved more than about 15 per cent capacity utilization in about fifteen years of operation, hence, apart from transportation difficulties, billets were in short supply.

The rolling mills were starved of billets and had to depend on importation. This created enormous technical problems for the three plants which also operated as government parastatal. Ajaokuta Steel Plant had two major technical problems: the location was more or less a virgin land and had virtually no infrastructure; hence much of the initial effort was to put an infrastructure in place. Secondly, coking coal which is the most expensive input raw material for iron production by the blast furnace route is not available locally (Mohammed, 2012; Semenitari, 2005). Importation would be too expensive and transportation to site would create a major logistical problem.

In spite of the fact that the first phase is yet to become operational after nearly three decades, government had twice commissioned feasibility studies for the second phase. Inadequate and epileptic electric power supply was a major problem for all the plants. If the five steel plants had become fully operational, the power demand would have accounted for about 50 per cent of the national power generating capacity. The two integrated steel plants should have had capacity power plants installed, as is being done presently (Abimboye, 2010).

It is clear from the above that all the steel plants were destined to fail from the start due to poor planning and flawed decisions by government (Kayode et al., 1994). The choice of the product mix comprising reinforcing steel for the five plants was also a major mistake, considering the fact that the bulk of the national requirements is for machineable and flat steel. It is significant to note also that the first private steel plant was commissioned in Emene, near Enugu, in 1962 and since then about twenty other private plants have become operational, all of them designed to operate on scrap steel or billets. Several of them have closed down due to the harsh economic environment especially since the introduction of Structural Adjustment Programme (SAP) in the mid-1980s and uncontrolled import of same products. However, about ten of them are operating at full capacity (Mohammed, 2002; Afonja, 2003; Abimboye,

2010).

Corruption–failure nexus of industrial projects

The two projects reviewed above are typical of most of the public sector projects – paper, petrochemical, fertilizer plants, and refineries. Incidentally, virtually all public sector projects initiated at both the federal and state levels have suffered the same fate. Besides conceiving and patterning the projects after the projects in the developed countries in line with the dictates of modernisation approach, many other internal reasons have been adduced for the failure.

First, Nigeria has developed four National Development Plans since independence, all of them very comprehensive, probably over ambitious. Furthermore, they all lacked effective strategy for implementation and were characterized by numerous uncertainties. Inevitably, they were all unsuccessful since most of the listed development projects could not be implemented. The decision to revert subsequently to two-year rolling plans between 1990 and 1994 did not make any significant impact on the development process (Kayode et al., 1994; Emeh, 2002).

Second, political corruption and instability has been the bane of most development projects in the country. Nigeria had a change of government ten times since independence and prior to the current democratic administration, eight of them military governments. Each successive government developed its own strategy for development, with little respect for continuity. This had led to a political unstable environment, which has impacted negatively on development in general, and industrial development in particular. It also actively discouraged foreign investment. Further, the development of technological infrastructure which is an indispensable prerequisite for industrial and technological development, has remained very poor. Funds meant for development of infrastructure such as power, energy, transportation, portable water and roads have either been misapplied or outrightly embezzled by corrupt politicians and their military collaborators.

Third, in Nigeria, Small and Medium scale Enterprise (SMEs) have the potential for acting as propellants for virile industrial and technological development and most newly industrializing countries place great emphasis on the provision of comprehensive support for this sector in their industrialisation process. Nigeria established several financial institutions – Nigeria Bank of Commerce and Industry, NERFUND, etc, to provide for the specific financial needs of small scale enterprise. Apart from the fact that the benefit derived by the sector from these institutions was minimal due to bureaucratic corruption, it takes a lot more than finance to develop the SME sector. The fact that the technological infrastructure base of the country is so poor leaves SMEs with little choice but to

provide them – electric power, water, even roads in many cases. This inevitably makes them uncompetitive and many have closed down over the last decade or so. Plans to develop industrial parks for SMEs, based on the Indian and Turkish models has not succeeded (Nnodim, 2012). Also, because of corruption at most Nigerian borders, the SMEs have had to contend with uncontrolled smuggling and importation and sale at cheaper prices of the same goods that they produce. The experience of India is pertinent here. At independence in 1948, The Prime Minister, Mahatma Ghandi made a declaration of the country's industrial development strategy: "What we can make we will use, what we cannot make we will do without." For decades, India followed this policy religiously, virtually shutting off importation of consumer goods. This policy helped in the rapid development of SMEs to its present enviable status, capable of producing virtually all consumer goods for domestic consumption and for export. Many of the India products on the market in Nigeria are produced by small-scale enterprises – electric motors, pumps, diesel engines, electric power generators, machine tools (Emeh, 2002; Nnodim, 2012).

Fourth, most of the government attempts at establishing an industrial base have failed due to executive corruption motivated by socio-political considerations. The decision to start six automobile plants at the same time was an attempt to satisfy the geo-political zones of the country. For the same reason, three of the four rolling mills were moved from Delta Steel Plant. The location of the Ajaokuta Steel Plant was socio-political. Ajaokuta was not one of the potential locations identified in the feasibility study (Berger, 1980; Kayode, Oyejide and Soyode, 1994; Mohammed, 2002). There was also considerable interference in the management of the plants. The decision to establish a National Steel Council was never implemented and the two plants were controlled directly from the Federal Ministry of Mines, Power and Steel by two Directors, both of which were graduates of Arts disciplines. For example, at one point, Delta Steel Plant had a full complement of personnel (about 5,000) when it was producing at only 15 per cent capacity (Mohammed, 2002; Afonja, 2003). The steel projects were badly managed by corrupted bureaucrats which never saw the light of the day. The same fate has befallen many government owned companies in Nigeria which are either moribund or running inefficiently (Soleye, 1989; Mohammed, 2002). However, it is instructive to note that Ajaokuta Steel Company Ltd (ASCL) and Pohang Steel Company Limited (POSCO) in India are both state owned companies, had similar design capacity, and took off around the same time (1971 and 1968 respectively) (Berger, 1980). The investment in ASCL, so far, is about 30 times the commissioning cost of POSCO. While ASCL is yet to take off, POSCO has grown to be the 10th largest steel company in the world, surpassing Japan and other Western steel producers in low cost steel production (Akaeze, 2010).

Finally, the introduction of the structural Adjustment Programme (SAP) in Nigeria also helped to kill the industries used in this paper. This economic programme introduced in the mid-1980s after series of economic mismanagement, corruption and other associated factors by the military junta devalued the Nigerian currency which made it very impossible for these industrial to import needed raw materials to run the industries (Okafor, 1998). With this, many industries could not afford the exorbitant cost of raw materials needed to run these industries. In addition, the demand for new vehicles previously witnessed in the 1970s and early part of 1980s nosedived as most Nigerians (who had been pauperized by SAP) could not afford new cars, rather the demand for *tokunbo cars* soared, thus ushering in the *tokunbo economy*. With lack of market, these industries had to close shops as incomes both the middle and lower classes dwindled.

THEORETICAL CONTEXT AND DISCUSSION

Discourse on corruption and industrial development is located within neo-colonial political economy theoretical framework. According to this theory at independence, most freed colonies got a neo-colonial state where there is a political freedom with economic control and domination by imperialist powers. As several studies have highlighted, neo-colonialists handed political power to emergent African elites whilst retaining the economic foundation of imperialism in a refined manner. The mechanisms of neo-colonization include; finance capital, military assistance, loans, technological transfers, designing and modeling development projects after imperialist nations (Onimode, 1973; Offiong, 2001). The structural location of Africa as an underdeveloped continent integrated into international capitalism as a periphery ensured that it supplied raw materials resulting in unequal trade, inequality and exploitation (Amin, 1971; Rodney 1972; King, 2006).

Neo-colonial political economy meant that foreign exploitation has been "multilateralised". The State offered generous investment incentives in form of subsidies and protection as well as profit repatriation. In African neo-colonial economy, power (both political and economic) has been used by the various factions of the ruling class – military, politician, businessmen, to enrich themselves and to serve the interest of foreign powers. Thus it is understandable why the holders of political powers in post colonial state like Nigeria would establish multiple white elephant projects which failed before they took off and later turn around to privatise them in line with the dictates of neoliberalism promoted by the International Financial Institutions (Kayode, 1993). Thus the political leaders and their bureaucratic official collaborators struggle to control the "spoils of the state". The state is crucial for the survival of the pseudo bourgeoisie because

it serves their interest. These pseudo bourgeoisies who are more interested in capital accumulation and ostentatious life styles have to depend on the spoils from the state to maintain their lavish lifestyle (Mazrui, 2001). The analysis of how corruption helped to kill automobile and steel industries in Nigeria is primarily the analysis of how a country whose private and public institutions once held a lot of promise has become a sorry landscape of aborted dreams and hopes of industrial development. In the 1970s, a policy of industrialization and backward integration resulted in a boom in Nigeria's industrial sector. With favourable economic and production indices in place, Nigeria's manufacturing industry produced many goods - textiles, tyres, cars, food, plywood, newsprint etc. for export and local use. In many industrial estates across the country, a large population of Nigerians was put to work. The country itself somehow worked.

At present, the country pays a heavy price in virtually every sector for the failure of leadership, massive corruption and the lack of vision. One after the other, companies in Nigeria are either closing shop or scaling down operations; unutilized capacity in Nigeria's industrial sector is high. Kaduna used to be a thriving centre for textile manufacturing. All the factories have closed down. Examples will suffice here. At its peak, PAN produced 264 cars per day. It had in its staff over 1,000 expatriates. It built in the city of Kaduna, a school and a staff club for the benefit of its workers, their families and their friends. From the production of 264 cars per day in the 1980s and great strides made in developing local content, and producing/assembling cars fit for Nigerian roads, PAN is down to the production of a mere 22 cars per day. Its production lines are under-utilised; they are deteriorating. This situation aptly captures the crisis of corruption and de-industrialisation that Nigeria faces (Abati, 2009). The unfortunate situation of PAN invariably draws attention to other automobile companies in the country. Anambra Motor Manufacturing Company (ANAMMCO), once jointly owned by the Nigerian Government and the Mercedes Benz of Germany, South Eastern states, and some Nigerians used to assemble Mercedes Benz trucks, creating jobs for many; but at present, the company has since closed shop. By 2008 it could not even pay the retirement benefits of its workers. The Volkswagen of Nigeria (VWoN) was yet another auto company which became a strong symbol of Nigerian industry and enterprise in the 1970s. Nigerians embraced Volkswagen models - the unbeatable Volkswagen Beetle, the Igala, LADA and other brands, and like ANAMMCO, Volkswagen provided employment for thousands. Now owned by Barbados Ventures Ltd, following privatization in 2006, VWoN is moribund. It no longer assembles any car; it is reduced to the importation of fully built-up vehicles from Europe and Asia. From all indications, the only auto company that is still involved in the assembly of cars inside Nigeria is Peugeot Automobile Nigeria (PAN), also now owned by private investors, with the Federal

Government of Nigeria and Peugeot of France owning 11 per cent equity each. Even more than Volkswagen, the Peugeot Brand captured the Nigerian public imagination in the 1970s and for many years, it remained the choice car for many Nigerians. It was adopted at a time as the official car for government departments, and among the people, its famous brands - the 404, the 504, the 505, 605 and more recently 406 and 307 were preferred means of transportation, and status symbols. ANAMMCO, Volkswagen and Peugeot have all since been privatised, but long before then, the companies had been in the throes of death, or near-death experience (Abati, 2009). Furthermore, it is not surprising that the Nigeria government started six automobile plants which tied the country to the aprons of some major world economic powers. For Nigerian Government, importing technology will be more beneficial to its corrupt official than developing the indigenous one. An example will suffice here. If one goes to Nnewi in Anambra State, one finds cluster of automobile industries producing various vehicle components and they suffer lack of patronage because of people's mentality and lack of support from government. In contrast, the rapid growth of PROTON in Malaysia and TATA Motors in India was primarily due to the support given to the vehicle manufacturing company by the government and people of Malaysia and India respectively. Presently, TATA produces all categories of vehicles, ranging from small cars to heavy-duty vehicles. But where is the Nigerian car to start with? The culture of political and bureaucratic corruption characterised by nepotism in the employment of personnel in public sector organisations and their subsequent plundering of treasury and other forms of mismanagement and corrupt practices were generated from the weak economic base of the country (King, 2006; Manuaka, 2007). The neo-colonial economy of Nigeria has nurtured a value system which glorifies wealth and encourages its accumulation at all cost and by all means. Since political leadership is corrupt it lacks the moral right and courage to fight corruption.

Corruption has a number of implications for industrial development in Nigeria. First, the country has remained perpetually backward in industrial development due to infrastructural problems and other challenges such as inadequate power supply, multiple taxes, harassment by officials of government agencies, inadequate power supply, insecurity and others (Okere, 2012). Under this precarious situation no industrial development will flourish. Several studies have demonstrated that no country ever developed without being industrialised (Sutcliffe, 1971; Oyelaran-Oyeyinka, 1997; 1998). The implication here for Nigeria is that the country will continue to be in the bottom ladder of industrial development. The precarious situation whereby entrepreneurs provide their own infrastructure makes the cost of production very exorbitant. This, therefore, makes Nigerian economic and production environment very hostile to manufacturing and production. Second, when

cost of production is high, most consumers may not be able to afford the prices of certain commodities or services considering the fact that the disposal income of most workers in Nigeria has always been low. Also, when effective demand is low, some industries may wish to relocate to a friendlier economic environment and those that may wish to stay may consider the option of cutting down their production cost by reducing their workforce in order to remain in business. According to Manufacturing Association of Nigeria, (MAN) between 2000 and 2008, about 820 manufacturing companies have closed down thereby rendering thousands of workers jobless (Sangosanya, 2011). The sacked workers would then join the already saturated labour market with teeming number of unemployed youths. This will ultimately compound the already insecurity challenge in Nigeria.

All over the world Small and Medium Enterprises (SMEs) are the main drivers of the economy because of their ability to create jobs and absorb much of the labour force. SMEs are the engine of economic growth and diversification in most countries of the world (Thirlwall, 1989). In Nigeria, the SMEs are not only undeveloped but the few existing ones are fraught with several challenges. Government has not paid any real special attention to developing SMEs in Nigeria. Smuggling of goods across the Nigeria's porous borders through the corrupt practices security agents continue to suffocate the SMEs whose goods cannot compete with smuggled/imported ones produced at far cheaper rate. This has continued to diminish the chances of Nigeria to develop its technological and industrial sector (Nnodim, 2012).

Also, the monetary policy of Central Bank of Nigeria (CBN) is not industrial friendly. For instance, the aim of monetary policy everywhere is to reduce inflation, foster a benign rate of cost of funds so that industries, particularly SMEs can borrow at between five and seven per cent and thereby stimulate rise in employment, create demand and grow the economy. Obviously, CBN has failed to achieve these objectives with their monetary policy model since the mid 1980s. Interest rate in Nigeria is still double digits thereby stifling SMEs.

Also, the decision of Nigerian government to ambitiously start six automobile industries at the same time and sitting of steel companies very far away from where raw material is deposited to please ethnic nationalities is not only poverty of idea but also bureaucratic corruption. At best these companies are nothing but white elephant projects which have drained the country's scarce productive resources with nothing to show for it after several decades of their establishment. Also, recruiting unqualified personnel to man these companies through federal character is bureaucratic corruption that robbed Nigeria the opportunity to develop its industrial sector (Ogunsola, 2012).

Reflecting on the dismal state of industrial development in Nigeria, a long term serving council member of the Manufacturers Association of Nigeria (MAN), David

Obi, said:

The cascading fortunes of Nigeria's economy could be better appreciated with an excursion into the country's socio-economic history. After independence, Nigeria's industrial landscape was the biggest in Africa. In fact, the nation was more industrialised than Malaysia, Indonesia and some East European countries, among others. In the 70s, the Olusegun Obasanjo regime, during the military era, established some automobile assembly plants around the country. Job opportunities were created while technological transfer was facilitated. Today, all the auto plants have closed shop while industrial estates vanished, with churches and warehouses for imported goods taking over from the ruins of the manufacturing plants.

The rot set in when the Structural Adjustment Programme (under Gen. Ibrahim Babaginda, 1985-1990) was initiated in 1986, which ensured the continued depreciation of the naira. This, in particular, sounded the death knell of the industrial outfits, as we erroneously put in place, an economic strategy that would have been more suitable for an export-oriented economy — that has high volume production for external market. Also, it is not possible to grow the economy under the current interest rate regime.

Until we have interest rate at single digit and naira brought to its highest realistic level, we will merely continue to be a country of lenders and currency exchangers without production base (in Ogidan, Olajide and Adekoyam, 2012).

Conclusion

Corruption is endemic in Nigeria. It destroys the moral fabric of the society with wide range of negative effects. It has stunted the technological and industrial development of Nigeria. Most government companies and parastatals which government had invested large sum of money have been run aground by personnel that manned them and these same companies have been privatised and sold at a give away price to the same characters that ran them down through proxy or blind trust. To halt corruption that has already ravaged the entire country and failed to allow Nigeria to fulfill her divine purpose in the comity of Nigeria, government should live up to its responsibility and fight this cankerworm head on. This can be done by demonstrating political will to do this and totally overhauling the anti-corruption agencies and appoint persons of integrity and courage to man them. Also, all those who through corrupt practices ran government companies and parastatals down should be brought to book to demonstrate government's seriousness in confronting corruption in Nigeria. By doing so, Nigeria will not automatically take-off technologically and industrially, however, it may be nearing the take-off stage.

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