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Review

The historical conjuncture of neo-colonialism and underdevelopment in Nigeria

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Neo-colonialism is widely viewed by many writers as the survival of the colonial system in an ex-colony. It is one of the issues that have blighted sustainable development in Nigeria. In Nigeria, it can be regarded as a specific phase of her development characterised by its social formation. This situation was carefully crafted during the decolonization process by the colonialists in collusion with Nigerian elites. Central to the understanding of neo-colonialism in Nigeria is the presence of a class dependent on foreign capital. This suggests that neo-colonialism can be seen as a method of control for the reproduction of dependency. This paper argues that the role played by the local bourgeoisie is crucial to the understanding of the synergy between neo-colonialism and underdevelopment in Nigeria. It further argues that the decolonization process was generally skewed in favour of a regime closely linked to foreign interest, desperate to perpetuate underdevelopment. The paper concludes that there had not been radical departure from orthodoxy since independence.

Key words: Neo-colonialism, underdevelopment, independence.

INTRODUCTION

Neither independence nor neo-colonialism ‘fell from the sky’. They did not just happen by chance, nor as the fruit of some new insight. Rather, they were the outcome of profound historical pressures and struggles. These pressures and struggles themselves, paradoxically, were engendered by the very success of colonialism as a hegemonic organization of international production relations, which had permitted a vast accumulation of wealth and progress to occur in the nations of Western Europe. It is the very success of this pattern of global accumulation that brought forth its own contradictions, pressures for change and adaptation, which needed to be made if the continuity of global accumulation was to be safeguarded (Hoogvelt, 2001:29).

The term neo-colonialism came to fore when the limitation of formal independence began to be understood in Africa. It has been the central theme of books by writers, such as Leys (1974), Nkrumah (1965) and Woodis (1967). Most of these writers viewed neo-colonialism as the survival of the colonial system despite formal independence. Neo-colonialism can not only be seen as an imperialist policy in an ex-colony, but as political, social and economic characteristics in certain ex-colonies. Central to the concept of neo-colonialism is the presence of classes within an ex-colony, which are dependent on foreign capital. This suggests that neo-colonialism can be rightly regarded as a revision of forms and methods of control for the reproduction of old dependency relations (Woodis, 1967:56). However; it is within the ambit of an independent state to repudiate such manoeuvres. The role played by a section of the local bourgeoisie is necessary in the understanding of neo-colonialism where decolonization permitted a relative efficient transfer of power to a regime closely linked to foreign interest, represented by the former colonial state.

No doubt, elements favourable to neo-colonialism exist in ex-colonies, but this was not the case in all the colonies, particularly in Algeria where the road to

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independence was not smooth (Alleg, 1970:77). In the case of Nigeria, where revolution did not precede the transfer of power, neo-colonialism can be regarded as a specific phase of its development as characterising its social formation. This is because the conditions for it existed – in fact, they were carefully prepared in the decolonization years (Osoba, 1987:223). Neo-colonialism in the sense of a development stage of an ex-colony must be recognised as transitional and temporal, however, in Nigeria, it has almost become a permanent tool that reproduces 'underdevelopment'.

Although neo-colonialism is seen as a continuation of a former situation in an ex-colony, experience has shown that a country that was never colonised can become a neo-colonialist state. An independent country without the experience of colonialism can be turned into a neo-colonial state by international finance capital, courtesy of its fragile economic structure. America through its capitalist economic power has created a number of colonies for itself including Liberia and Ethiopia that were never colonised in the classical sense of it (Emerson, 1960:25). Similarly, today, Iraq and Afghanistan have become American colonies through invasion and occupation by America without the classical colonization. What is therefore crucial in a neo-colonial state is not a colonial past, but a *dependency and social* formation, which transcend a colonial phase. This explains why independence does not imply the resolution of contradiction between surplus appropriation through capitalist mode of production at the centre and the resultant mass poverty at the periphery.

Until recently, it used to be orthodoxy that the achievement of independence was premised on the diffusion of western liberal ideas and their impacts on western educated African nationalist. On this view, African nationalist was a creation of the West (Mafeje, 1977:412). The co-optation of important segments of both the traditional and western educated elites into the colonial system betrayed the tradition of resistance of colonial domination. The capitulation of the elites was extended and manifested in the compromise with foreign capital in the post-colonial era thereby sustaining the culture of underdevelopment.

The crisis of development is the most serious problem facing Nigeria today. This is because the country has remained largely underdeveloped despite the presence of huge mineral and human resources (Austin, 2008a). It is in this sense that Suberu (2007:96) has observed that "Nigeria had earned about US$500 billion in oil revenues since the 1970s, yet remains mired in poverty, unemployment, a bourgeoning domestic debt, infrastructural squalor, abysmal health and educational services, and attendant social frustration and unrest''. Several decades after the end of colonialism, the country is still fraught with the crisis of high poverty rate, basic infrastructural facilities, unemployment, high mortality rate, political instability and insecurity of lives and property. This has prompted the debate to articulate plausible explanations for the underdevelopment of Nigeria.

It is orthodoxy to explain Nigeria's underdevelopment as in other African countries in terms of the not too fashionable dynamics of Trans-Atlantic slave trade and colonialism that ended many decades ago (Nunn, 2008:142). Similarly, the abysmal failure to get Nigeria's developmental agenda right has been traced to neo-colonialism and dependency by post-colonial critical scholars (Ikenna, 2009:355). While it is accepted that neo-colonialism has contributed to underdevelopment in Nigeria, the critical issue in its construction has been the role of the elite. The views expressed above are appreciated, which in summary imply that no adequate understanding of the crisis of development in Nigeria could be achieved without taking into cognizance the effects of three major factors, namely, the process of decolonization, the political elite and foreign capital.

The paper attempts to bring to fore the implications of the role of the Nigerian elite in structuring a neo-colonialist state by pandering with foreign capital beginning from the decolonization period. This paper adopts political economy approach as a methodology to interrogate the historical construction of neo-colonialism and underdevelopment in Nigeria. This will be done by structuring the paper into six sections, namely, introduction, decolonization and neo-colonialism, the dialectics of the political class, the trajectory of a neo-colonialist state, Nigerian neo-colonial economy and the conclusion.

DECOLONIZATION AND NEO-COLONIALISM

Neo-colonialism is not just a radical slogan, but one of the most compelling realities of the Nigerian state. Decolonization and neo-colonialism can be loosely regarded as two sides of the same coin. It was within the vortex of decolonization that neo-colonialism was strategized by the departing colonial power in order to perpetuate British traditional economic influence and control in the emergent independent Nigerian state. In this regard, the statement credited to Ian Macleod, the Colonial Secretary in Harold Macmillan's Conservative government in March 1960 is very instructive here:

> The Prime Minister has recently in a striking phrase spoken of turning an empire into a family. But what is happening is part of the pattern of our heritage. We did not go abroad to govern, we went abroad to trade…So if we are wise we can stay in countries that we once ruled – as traders, farmers, planters, shippers, businessmen, engineers.[1]

Available evidence seems to indicate that it was part of the imperial power's plan to perpetuate British interests in an independent Nigeria, and ensure Nigeria remains within its orbit as an economic and political satellite (Decker, 2008:605). Consequently, during the decolonization era, significantly between 1952 and 1960, concrete legislative and executive measures were put in place to ensure British dominant position in the economic and political space of an independent Nigeria (Osoba, 1987:240). Lamentably, these neo-colonialist measures were formulated with the active collaboration of the majority of the Nigerian elite in the Federal government.

There were several measures concocted during the decolonization period, ranging from tax laws, to bilateral agreements between Britain and Nigeria calculated to perpetuate Britain's domination of Nigeria beyond independence (Lange, 2009a). These measures were designed to perpetuate in post-independent Nigeria the client pattern relationship, which characterised formal colonial relationship between Nigeria and Britain. "Bilateral" economic and financial agreements were arranged between Nigeria and the British government or British firms in such a way that guaranteed profitable conditions for the latter at the expense of the former. One of the implications of most of the arrangements was the reproduction of the colonial type dependency in a post independent Nigerian economy (Austin, 2010:13).

The Income Tax Ordinance was used by some foreign companies to evade taxes. For example, Elder Dempster Lines Agencies Ltd., a British enterprise in Nigeria could only be taxed on profits declared from agency fees and not on their actual operations, because the company had already paid taxes in the United Kingdom (Berger, 2009). The company could not be taxed appropriately despite the enormous profits of millions of pounds from their operations in Nigeria, because of the tax law that was carefully authored in favour of foreign companies during the decolonization process. In legitimatising this unequal arrangement, the Colonial Financial Secretary observed that,

There is provision in section 9 of the existing income tax Ordinance, which states that the gain or profits from the business of operating ships or aircraft carried on by persons not resident in Nigeria shall be exempted from tax provided that a reciprocal exemption from tax is granted by the country in which such person is resident. So that exemption is already granted in our law and also in the double taxation arrangement with the United Kingdom, there is already in the statute legal exemption for profits earned by overseas transport companies. Therefore, if one such company creates an agency in Nigeria, it does not alter the income tax position.[2]

This law was made to undermine the taxes that would have accrued to Nigeria, while protecting foreign firms with their sharp practices. It amounts to economic irrationality for taxes to be paid by firms outside the place of operations and transactions.

Apart from this ordinance, there was a contractual arrangement, which permitted only British shipping companies to be carriers of Nigerian goods. This arrangement did not give Nigeria the option of patronising other shipping lines, besides, there were no indigenous Nigerian shipping companies operating on any appreciable scale in Britain. The implication is that the monopoly of shipping transactions between Britain and Nigeria is conceded to the former thereby depriving Nigeria part of the financial resources needed for development (Osoba, 2006:233). The exclusion of Nigeria from shipping business continued well after independence. For example, transnational oil cartels excluded Nigeria from the carriage of Nigerian crude oil. Efforts by Nigeria to participate in the carriage of the country's crude oil by procuring vessels in 1978 and 1986 were frustrated by foreign shipping lines and the vessels ended up as storage tankers.

In the course of decolonization, the departing colonial authority ensured the vast petroleum reserves in the Niger Delta area were under the control of two foreign monopoly concerns before independence. The foreign firms are the British Petroleum and the Royal Dutch Shell Company – the former a 100% British-owned enterprise and the latter a joint Anglo-Dutch concern (Uche, 2008). These firms controlled the Nigerian oil industry from production through marketing, thereby ensuring they maximised profit at the expense of development in Nigeria. The situation did not change significantly even after 1961 when exploration right was granted to other multinational oil companies representing American, Japanese, Italian, German, French, Dutch and British interests. Despite Nigeria's ownership of the oil, the control, management and regulations were in the hands of these firms. Modern capitalism illustrates that the function of ownership can be separated from management. The role of the state is therefore reduced to that of tax collector, which is a product of neo-colonialism.

The departing colonialists ensured that a complex tax laws (including tax relief and tariffs), were put in place in a way that European interests would be protected in post-independent Nigeria. These laws were meant for foreign business concerns to operate continuously on advantageous terms in Nigeria. One of the laws was the income tax Ordinance of 1952, further amended in 1957 and 1961, which gave foreign investors fiscal concessions capable of undermining Nigerian government's share of the profits from foreign companies (Berger, 2009). The ordinance permitted 'initial allowances' as well as 'annual allowances' for new firms willing to establish in Nigeria (Osoba, 2006:238). This allows companies; both public and private, to write off from their profits large amount of their capital investments in fixed assets during the early years of business for the purpose of computing taxable income. The Companies Income Tax Act (No.22 of 1961) further strengthened this arrangement, which was detrimental to development in

Nigeria. The scope of these allowances was spelt out thus:

> Initial allowances vary from 20% in the case of building to 40% in the case of machinery and plants. Annual allowances vary from 10% to 33%, depending upon the type of assets and the amount of wear and use involved in each case.[3]

Another tax relief put in place to favour foreign companies operating in Nigeria was the aid to Pioneer Industries Ordinance of 1952, which was modified by the Industrial Development (Income Tax Relief) Act of 1958. It provided a *tax holiday* of up to five years to pioneer companies depending on the capital invested in fixed assets. The Act also permitted the tax holiday to be extended if there was reported loses. Similarly; the Industrial Development (Import Duty Relief) Act of 1957, amended by subsequent Acts gave exemption, wholly or partly to customs duties on components imported by foreign companies operating in Nigeria (Osoba, 2006:240). These were part of the laws carried over to post-colonial Nigeria thereby entrenching neo-colonialism.

In addition, foreign firms were given the concession under the import substitution industrialization in 1956 and reaffirmed in 1964 to the effect that their profits and dividends could be repatriated or freely transferred to their mother countries.[26] In effect, therefore, the import substitution industries operating in Nigeria were free to repatriate up to 60% of their gross profits back home (Osoba, 2006:242). The implication of this practice is that it leads to capital flight from Nigeria while the same capital is re-invested abroad for the development of the metropolis at the expense of development in Nigeria. The colonial-type of industrial and general economic clientage became so firmly rooted in the post independence era, such that the authors of the Second National Development Plan had to admit that.

Most industrial activities in the country are still not manufacturing in the true sense of the term, but mere assembly industries. Very often, all the components used are imported and are merely put together behind the tariff wall. Whether one is considering the manufacturing of shoes or cosmetics, beer or soft drinks, the story is broadly the same. All that happens at most of the breweries is that all the imported inputs are mixed and sealed in imported bottles.[4]

THE DIALECTICS OF THE POLITICAL CLASS

It is true that the elite power in Nigeria and other African countries is small in numbers, but the role played by the elite since independence outweighs its number. The commanding position in government – local government level to federal was occupied by western educated elite. Those sectors of the economy not under the direct control of foreign business concerns were dominated by the elite. It played dominant role in decision making position of the government. This class exerted strong influence on the value orientation of the people.

The development of the power elite was characterized by the increasing bourgeoisification of its members. They were obsessed with acquiring wealth and its attendant's power. In view of the general poverty in the country, it regarded good connection with governments and the political parties as indispensable for the realization of their ambitions (Osoba, 1977:378). This perception is crucial in the explanation of the class struggle within the political class. The pathology of the elite towards the nation was essentially to extract surplus from the material resources in the country at the expense of the mass majority of the people. In a situation like this, the political elite were deficient of viable ideas, indispensable to development.

The behavioural factor of the power elite can be understood if seen as product of conjuncture of social realities. The profit orientation to public office and its manifestation in corruption and collusion with exploitative foreign firms were essentially symptomatic of a process of class formation among a group who found themselves in a position of economic advantage. The intensification of ethnic antagonism and differences were artificially generated by political leaders anxious to carve exclusive sphere of political and economic influence for themselves (Best, 2009:64). Since independence, leaders of political parties or military who controlled the regions or state governments and vied for power at the centre were primarily concerned with monopolising the access to power and wealth. They exploited the sentiment of their groups to promote private interests by equating personal interests with national objectives of their groups.

Most members of the early power elite were first generation educated and prosperous men who emerged from very humble peasant or working class background. They resolved to enrich themselves through graft; bribery and sharp practices in government and in business, instead of social engineering and economic planning that would have developed the country (Williams, 1977:285). They were not ready to return to the condition of squalor from which they had emerged; hence all means (fair and foul) were adopted to perpetuate their hold to power at the expense of development.

The tragedy of the power elite as mentioned earlier arose primarily with their obsessive concern with the illusion of personal wealth and power. It is such that the real power, which resides with those who control the high point of the economy elude the political class. Because the crucial control of Nigerian economy is acquiesced to foreign firms backed by their home governments, the Nigerian power elite relegated itself to the position of 'comprador'.

One major factor in the development of the business sector of the elite was the role of big foreign business concerns in accommodating influential businessmen in their organizations. The foreign business concerns identified the growing desire for wealth among many members of the power elite and pandered to this ambition by entering into business partnership with many influential members of the ruling class (Osoba, 1972:99). The active support and protection of the power elite was sort by these firms by giving them minor share of profits, which they hitherto monopolised. The growing collaboration between foreign firms and Nigerian elite was manifested in various forms. It became fashionable to appoint members of the elite class as directors of foreign companies operating in Nigeria in order to make use of their positions in politics for the interest of the foreign firms (Williams, 1982:52). These directors, lacking commitment to national development became intermediaries to foreign capital.

Until the decolonization era, British banks in Nigeria were reluctant in granting credit facilities to indigenous Nigerian businessmen. As independence was approaching, banks such as Barclays began to liberalise their terms of loans in a way that they could easily grant loans to highly placed Nigerian (Austin and Uche, 2007:13). For example, in 1962, S. O. Shonibare, a strong member of Action Group party obtained a loan of £250,000 from one of the British banks in Nigeria. He used the loan to establish a housing estate (Soni Investment Properties Limited) in Lagos (Uzoage, 1964:92-3). It should be noted that Nigerians were hardly given such loans during the colonial era. The nature of loans given to privileged Nigerians during the decolonization period and immediately after independence was part of the efforts by European firms to get the favour, support and protection of the political elite in post independent Nigerian economic space.

In view of the growing confidence between the big foreign firms and Nigerian business elite, the former became increasingly disposed to appointing elite with political contacts in government as sub-contractors in execution of major government contracts. They were also co-opted as representatives and agents of metropolitan based firms. These partnerships ensured Nigerian businessmen operated as subordinates of their foreign principals. The role of the local businessmen therefore helped to legitimise and entrench foreign companies in the commanding positions of the Nigerian economy. This situation has not changed since independence, thereby compelling a dependent economy incapable of engendering autochthonous development.

Today, there emerged narrow base elite who had acquired political and economic power in virtue of their inheritance of the state apparatus. The stranglehold of foreign capital on the economy had resulted in an emasculated bourgeoisie, incapable of acting as the engine of economic transformation (Akeredolu-Ale, 1976:73). The Nigeria situation therefore typically provides confirmation of Frantz Fanon's description of the role of the local bourgeoisie in the Third World thus:

> The national middle class discovers its historical mission: that of intermediary. Seen through its eyes, its mission has nothing to do with transforming the nation: it consists prosaically of being the transmission line between the nation and a capitalism rampant though camouflaged, which today puts on the mask of neo-colonialism (Fanon,1963:152).

The access to the source of political power and the emergence of a comprador bourgeoisie marks a partial modification of the Marxian identification of class with modes and relation of production. "The psychology of the national bourgeoisie is that of the businessman not that of captain of industry" who is engaged in production. Nigerian bourgeoisie failed to become producers of goods, instead they entrenched themselves in the economic space as "buyers and sellers" of goods. They could not reproduce the historical roles of the Bourgeoisie of the West.

THE TRAJECTORY OF A NEO-COLONIALIST STATE

Neo–colonialism in its essential meaning of domination of mass of the population of a country by foreign capital other than direct colonial rule requires local class interests, which are allied to those of foreign capital for the purpose of ensuring their joint interests in economic policies. However, this system is unstable. It is dogmatic and highly misleading to regard the social and political system, which emerged in Nigeria at independence as successful. Though the post independence years witnessed some intense class struggles; those years were exceptionally favourable for the consolidation of neo-colonialism. The power of the state was used to give the various forms of protection it wanted.[5] The result was a structure of social control based on clientelism and ideological domination, which has a resemblance of a mixed economy. The economic boom in the early 1970s frequently congratulated, was an appearance, which resulted from the assertion of state power, and did not reflect the underlying reality of sharp social and economic contradictions as demonstrated in the economic crisis that began as from the 1980.

The post-colonial Nigeria inherited the institutions implanted by the colonial state without inheriting its location in the international division of labour; neither did it inherit its expertise, military power, finances or metropolitan support (Seidler, 2011). The tenuous relation of the power elites at independence to productive activities translated into characteristics dependence on foreign capital as mentioned earlier. The inability of the "new" local bourgeoisie to constitute itself into an effective hegemonic class and play its role reflects the contradiction, which characterise the post-colonial state. The dominance of oil in the political economy of the state has particularly far-reaching implication that constitutes challenges to the presumed independence. The state as the collector of huge oil rents became the focus of capital accumulation as fractions and factions of the dominant class compete for control of the state. Thus, competition was evidenced in the alignment and re-alignment of political forces, often rationalized through unbridled corruption aimed at climbing the intra-class conflicts over revenue allocation (Okpeh, 2006:20).

The rentier state has the ability to undertake gigantic state expenditure with spectacular growth in certain sectors of the economy. However, this did not translate into fundamental improvement in the living conditions of the majority of the people. Some dependent form of industrialisation took place; however, the nature and direction of the development are conditioned by the social origin and the dominant classes operating either at the political or economic levels.

The dominants classes in Nigeria have been working with foreign capital thus occupying a dependent or intermediary position in the economy. It was not an accident therefore that despite over several US$ billion collected since the discovery of oil production and marketing, the origins and orientations of the local bourgeoisie have determined the rising import bill (of over N1 billion per month) in the early 1980s; the initiation of dependent food policy, the neglect of agriculture and the initiation of fluctuating policies toward foreign capital.[6] The massive expansion of the commercial and distributive sectors at the expense of productive activities ensured consumption becomes geared towards imported goods including food, some of which were exported during the colonial period. The economy thus, invaded by all manner of foreign firms and the comprador bourgeoisie became fragile and underdeveloped. These developments not only deepened, but also consolidated the incorporation of the rentier economy into the vortex of world capitalism, characteristic of neo-colonialism and dependency (Amadi, 2012:191).

The postcolonial state despite its huge rents is subject to the countervailing forces of transnational oil corporations, which dominate the production and marketing processes involved in oil exploitation. They manipulate the direction of state policies, which are usually detrimental to auto-centric development. This had been made possible by Nigeria's over dependence on the oil sector – the Nigerian state had depended on oil export for over 95% of its revenue, thereby neglecting other sectors, particularly agriculture, which was the mainstay of the economy.

At independence, Nigeria was still an exporter of primary products. Food was only imported to supplement local production, though emphasis was still on cash crops production – a precipitate of colonial agriculture. Agriculture was predominantly under the control of the peasant farmers. The tragedy of agricultural sector was that the essential institutions and exploitative mechanisms of the colonial period were "Nigerianised" and preserved (Oculli, 1979:33). The inequalities in resources allocation and the unequal relation between the rural and the urban sector were kept intact; the educational system, which traditionally looked down on agriculture and on farmers was not restructured. Despite the fact that the sector in which the farmers operated was then the mainstay of the economy in terms of foreign exchange earnings and food supplies, peasants were neither involved in plan initiation nor implementation because they were seen as unimportant.[7]

Before the 1973 Middle East crises and increases in oil prices, the contribution of petroleum to total national revenue was significant. In 1958/59 the contribution of oil to GDP was 0.7%. But by the beginning of the Third National Plan of 1975 to 1980, petroleum was contributing about 92% to the GDP. The contradiction of the post-independence economy was that agriculture, which accounted for 80% of the total export in 1960, had declined below 5% at the beginning of 2000.[8] Reflective of this contradiction; Shehu Shagari noted that the fortunes of the economy are closely linked with developments in oil industry and not agriculture (Lubeck, 1986:64). The implication of this observation by a former prominent member of the ruling class is that agriculture, which used to provide employment for about 70% of the population, is no longer important. This is because the sector has become relatively unimportant to the rentier state.

The neglect of agriculture can be explained as the 'absence' of a class that is sympathetic to agriculture – a situation created during the colonial period. The class that controls the state is neither agrarian nor sympathetic to agriculture, therefore failed to be agent for the transformation of agriculture. Also, the powerful, yet unequal amalgam between the comprador bourgeoisie and foreign capital at independence ensured the initiation of a dependent food policy as alternative to investment in agriculture. Today, dependent food policy has compelled importation of food to feed the bourgeoning population.

With each passing year, farming became characterised by inadequate supply of farm inputs, inadequate capital, lack of credit, scarcity of farm labour and suitable technology. Thus, farming became progressively unattractive and unproductive. The dependent food policy of the state did not supplement internal production rather replaced it. Consequently, food import took up to 15% of the total budget in 1973, and rose to 25% in 1980s (Andrae and Beckman, 1985:55-6). Much of these imports consisted of basic foodstuffs hitherto produced locally. In 1982 alone, the rice import reached N400 million, fish was N200 million, sugar N200 million and wheat N160 million (Aminu and Williams, 1985:40). The situation had become even more precarious in the light of the “petrol dollar wealth”.

A massive propaganda campaign was launched about food production in response to the crisis in agriculture. This campaign was evident in “Operation Feed the Nation” (OFN) and the subsequent “Green Revolution” (Aminu and Williams, 1985:40). People without the pedigree in agriculture were employed on farms and “demonstration” farms were declared “opened“ on televisions. But OFN failed woefully and despite the green revolution, the state continued to import food.

Until privatization policies of the late 1980s, the federal and state governments went into farming either individually or in partnership with foreign capital. Not less than 147 farms were established across the country.[9] This policy resulted in massive displacement of rural farmers; leading to confrontation between the state and the peasants. This was also accompanied by the massive involvement in the World Bank in designing and implementing Nigeria’s green revolution to balance western corporate position in the petroleum industry. These projects in themselves yielded very limited results and state farm centres did not fare better. Thus, the response was to further liberalised restrictions on imports, recognising that certain fractions in the ruling class would thereby benefit in collision with foreign capital.

The problem here is not with the state participation in agriculture but its role in the collapse of agriculture occasioned by its neo-colonialist nature, which has alienated the peasants from their land. There is no doubt that the state is able to import food exclusively because it benefits from oil export. Today, American and Thailand rice has under-sold the grain and root produced in Nigeria to such an extent that they found ready markets even in rural areas.

The most outstanding feature of Nigeria’s underdevelopment is the food crisis, which has attained an almost tragic situation. The mounting death toll from hunger and malnutrition has demonstrated the critical balance between food needs and supplies. Statistics show that about 70% of people die of parasitic or infectious diseases for which hunger provides a veritable terrain (Dada et al., 2010:209). These situations could continue despite the existence of prodigious untapped food production potentials. A society where the bourgeoisie appear to have located the dynamics and capacity for self-production in neo-colonial structures will remain underdeveloped.

NIGERIAN NEO-COLONIAL ECONOMY

Since independence, the idea of partnership with the West has guided state policies toward foreign capital. At independence, the emergent ruling class – the petit bourgeoisie acquiesced in the foreign domination of all key sectors of the economy (Jerven, 2009:40). Foreign firms were attracted to set up industries through the combinations of factors such as cheap labour, government incentives and tariff protection. Today, relatively few, but large and integrated foreign firms otherwise called Multi-national Corporations have ensconced themselves in the economy. This was made possible by the unpreparedness of the Nigerian comprador bourgeoisie ‘to repudiate its nature’, but content in reproducing the economic system inherited from the colonizers, which ensured dependency on metropolitan countries (Attah, 2008, 300).

The state marked by the absence of bourgeoisie committed to national interest and development ensured the reproduction of foreign domination of Nigerian economic space. The pathology of the local bourgeoisie is its dependency on the West and its contemptuous disregard of the peasants; it lacks a sense of direction and bereft of ideas capable of engendering development. This class is unable to act out an enterprising and productive role similar to that of the bourgeoisie of the West or the Meijis of Japan, hence the dynamics, pioneers aspect, the characteristics of the inventors and the discoverers of new worlds, which were found in all national bourgeoisies are lamentably absent” (Fanon, 1963:141).

Industries in Nigeria are extensions of metropolitan firms and are characterised by the production of luxury and consumer goods that were formerly imported under colonial rule. Some of these goods are detergent, creams, perfumes, beverages, alcoholic drinks, foods, cars, etc. The absence of backward and forward linkages in these industries continues to attenuate development in Nigeria. For example, the car assembly in Nigeria is incapable of stimulating the development of the steel industry, which is essential to car industry.

Many industries depend on very high import content of over 90%. The example of coca cola is very illustrative here as it does not import its content alone, but also the bottles. Local production by most pharmaceutical companies involves only the final stages of manufacture, or repackaging imported finished drugs, many of which are below the required minimum standard, thereby leading to untimely death (Attah, 2008:299). Industrialization is characterised by lack of strategic components in the capitalist reproduction process, namely, the capital goods industries. This necessitates dependence on the capitalist centres for capital goods, thus reproducing a neo-colonial relationship. It is in this sense that Fanon (1963:153) describes industrialization in the Third World as “neo-colonialist industrialization”. Industrial investments now depend on the capitalist intensive technology developed to satisfy the needs of metropolitan economies. This technology is imported by expatriate investors and suppliers. Such import in turn generates a demand for technological sophisticated machinery, which could only be met in the metropolitan countries and consequently fail to develop the local capital goods, thus maintaining foreign domination of the economy.

The character of the economy ensured the rural economy is dominated by small peasant production, an indication of non-subjection of production to capitalist production. Pre-capitalist rural relations of production did not disintegrate, but serve as auxiliaries in the process of global capitalist accumulation. The development of industrial sectors in Nigeria does not stimulate innovation in the mode of agricultural production by providing the necessary markets for its products. Thus, the industrial mode, far from ensuring the displacement of peasant agriculture by a more dynamic mode of production is parasitic upon it, and undermines its productive capacity. The economy can then be explained in the comprador class position of the custodians of state power that have been reproducing neo-colonialism. This class position also explains why oil revenue was not used as a means of promoting agriculture and forming a dynamic link with industry to promote development.

The historical relegation of the dominant classes to peripheral sectors of the accumulation process made possible by neo-colonialism compels the state to regulate relations between foreign and domestic capital, which has often developed into inequality (Weinstein, 2008:34). Indigenization decrees were promulgated to regulate this relationship. However, indigenization only served to rationalise and legitimise foreign participation as well as to redefine spheres of influence and participation between international and indigenous capital. Ake (1983:413) noted that "indigenization hardly constituted a serious attack on dependence". The spheres of economic activities such as hairdressing reserved for Nigerians were quite insignificant in terms of contribution to national development. The schedule I reserved for Nigerians in the indigenization exercise merely redefined and preserved the *status quo* as there was no fundamental departure from orthodoxy.

The changing role of foreign capital continued to co-opt weak and nascent local bourgeoisie into its operations. The co-optation of the local bourgeoisie into the network of foreign capital condemned the former to the position of 'comprador'. The net result of indigenization for the bourgeoisie was therefore a deepening crisis. Nevertheless, through the imperatives of indigenization, fraction of the local bourgeoisie in collaboration with both the state and foreign capital enhanced its position. Also the big commercial capitalists (Henry Stephen, Ibru, Folawiyo, Fanz etc.) extended their intermediary roles and property interests with little movement into manufacture. There is also an insignificant shift from commerce to manufacture as exemplified in the activities of Dangote.[10] Although there exist a group of Nigerian entrepreneurs who have established industries with foreign technical partners and state capital, they have not provided serious challenges to foreign capital.

Given Nigerian's position as a peripheral country and the position of indigenous bourgeoisie in the economy, indigenization was not intended to radically transform either internal or external relation. Rather, as in Kenya, it represented a new balance in the relation of indigenous and international capital, with the state as intermediary and mediator. The state could neither extend its interest in the economy nor employ state power to expand the interest of local bourgeoisie in the economy, except for a fraction of the plutocrats who acted as surrogates to international capital. The weakness of the bourgeois class was revealed not only in its continued subordination to foreign capital, but also in its inability to regulate and undertake commercial undertakings indispensable to development. At the start of 1980s, the Nigerian state under the guise of privatization acquiesced to foreign control of some of its investments. For example, the national railway was given to Indian company, the national airline to the Dutch and Nkalagu cement factory to the Swiss (Attah, 2008:301).

The massive corruption that accompanied oil "windfall" along with the arrogance of power led successive governments to adopt policies that are detrimental to national development, but profitable to foreign capital (Kwaghga, 2010:36). One of such policies is "privatization". Until 1989, foreign investment in Nigeria could only occur within a joint venture arrangement based on the provisions of the 'Nigerian Enterprise Promotion Decree 1977'. However, the Nigeria Enterprise Promotion Decree 1989", which replaced the "1977 Act" permits 100% foreign ownership of enterprises, including those otherwise reserved for Nigerian citizens or associations.[11] In the face of the general failure to meet the basic human needs of the majority of Nigerians, the "Nigeria Dream" continued to be elusive.

The ideology of mixed economy, which supposed to be corollary of ideological neutrality between capitalism and socialism, now redefined as privatization became a potent weapon for diverting public fund into private coffers with active connivance of foreign capital. Privatization provided the infrastructure, which facilitates further international capitalist exploitation of the Nigerian economy, this time in collusion with the state (Adebanwi and Obadare, 2010:380). The Bureau of Public Enterprises (BPE) was set up to supervise the plundering of Nigeria and her economic legacies through the directives of the Bretton Woods institutions. The BPE was saddled with the responsibility of selling off state investments and properties, thereby reducing the economy to what can be described as "cash economy". Though government and BPE pronouncement was that, privatization will ensure rapid economic development by cutting government wastages and removing barriers to 'free market'; it turned out to be the instrument of rapid underdevelopment of all the sectors of the Nigerian economy.

Under Obasanjo's administration between 1999 and 2007, the state disinvested from almost all the sectors of the economy. Foreign firms from America, Europe, Asia and even South Africa were invited to bid for Nigerian economy at ridiculous fees. The manner, which the sales of state investments are conducted, was exemplified in the sale of Nigerian government shares in the West Africa Refinery Company Limited (WARCO) Sierra Leone. The government shares in WARCO, which stood at 72% valued at $1,560,000 were sold to Majesty Oil by Nigeria's BPE at the price of $363,300 an amount five times below the market value and also below what another company had offered (Attah, 2008:302). The sale of the refinery was skewed in favour of Majesty Oil by some people in government who fronted for the company.

Reforms and concessions are being used in neo-colonial Nigeria to enrich fractions of the political class and their foreign collaborators at the expense of national development. The concession of the Nigerian Ports Authority, which translated into the sales of Nigerian seaports to foreign firms, resulted in thousands of job loss. Though the government claimed the sale was in the best interest of the nation, the fact is that foreign firms in collision with government officials and political office holders benefited from the concession exercise at the expense of development. Granting concessions of old seaports instead of these firms building new ones is inimical to development.

Similarly, the privatization of the Nigerian Airways, which ensured her airlines were bought by foreign carriers (Virgin Atlantic), meant that the control and ownership of the airlines eluded the Nigerian government. Thousands of Nigerian Airways workers were retrenched due to the privatization exercise and were not paid their terminal benefits, years after. Contrary to the Nigerian experience, Kenya in privatizing her airline sold 25% stake in the airline to KLM, while the remaining 75% was floated for the public at the Nairobi Stock Exchange (Attah, 2008:303). The example of Kenya if followed would have made the airline to remain Nigerian.

At the end of 2004, the neo-colonial state under Obasanjo retrenched 1,517 staff of Ajaokuta Steel Company after conceding the control of the country's strategic steel plant to ISPAT, an Indian company who neither had the technical expertise nor the capital to manage the steel company. The company in 2005 further sacked about 100 staffers of the steel company, while employing Indians to fill their positions. The implication of this is that Nigerian unemployment situation is being exacerbated while that of India is being solved.

CONCLUSION

Many critics of colonialism view Nigeria's independence from colonial powers as only partial freedom as it was not matched with economic liberation. This has given rise to the current phase of colonialism, correctly redefined as neo-colonialism - a new form of imperial rule characterised by the domination of foreign capital. Instead of real independence, Nigeria now has pseudo independence with the trappings of the illusion of freedom. The age of neo-colonialism, which Nigeria had been caught in was made possible by the roles of the local bourgeoisie in collusion with foreign capital. The state that should have repudiated the economic, political and military control of the country also became willing tool in the hands of the West because of its fragility. In fact, the state became the instrument used to legitimatise the dependency, necessary for a neo-colonial state, a situation that structured Nigerian economies into international capitalism as an appendage.

Nigerian resources, particularly oil, are exploited by transnational corporations for the benefit of metropolitan countries at the expense of development in Nigeria (Austin, 2008a). The means of production are owned by foreign corporations who employ various means to transfer profits out of the country rather than invest them in the local economy, a situation that engenders capital flight. Nigeria therefore reproduces what Gunder Frank (1996) calls the 'development of underdevelopment'. The unequal relations between Nigeria and the developed counties have been structured and programmed during decolonization process. The character of the present underdevelopment is therefore a product of the historical conjuncture of neo-colonialism rooted in the decolonization agenda.

Nigeria's natural resources such as oil reserves require large infrastructure, technology and investment. However, at the end of formal colonial rule, Nigeria lacked independent central state institutions necessary in the crucial first years, which would have helped in exploiting its oil wealth profitably for the generality of Nigerians (Lange, 2009a:172). Nigeria's post-colonial institutional development path resulted in weak central state institutions, which lacked legitimacy due to the stranglehold of foreign capital in collusion with the emergent political elite. Due to the fragility of the economic space dominated by foreign capital, and the inability of the state to overcome the problem of underdevelopment, the leaders therefore soon discovered how little power they had really inherited. The leaders therefore resorted to carve a niche for themselves in the economy for personal accumulation rather than national development in the neo-colonialist state of Nigeria.

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