



Dissertation

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**Dynamics of land use transfer in peasant communities
in periods of national economic crisis : a study of the
links between Nigeria's industrial raw materials**

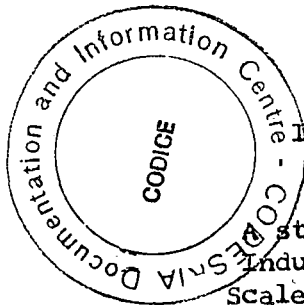
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DYNAMICS OF LAND USE/TRANSFER
IN PEASANT COMMUNITIES IN PERIODS
OF NATIONAL ECONOMIC CRISIS:

Study of the Links between Nigeria's
Industrial Raw Materials Policy, Large
Scale Farming Activities and the Peasants
in Oyi Local Government Area of Anambra State

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Materials Policy, Large Scale Farming Activities and
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by

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CHIBOGU KENNETH ANIEROBI

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ABSTRACT

Sometime in 1983, the researcher witnessed widespread cases of sale of peasant farmlands by a number of peasant communities in parts of OYI Local Government Area of Anambra State, Nigeria. The farmlands were apparently bought by a number of non-Indigenous businessmen from outside the peasant locations, who subsequently set up large scale farms in place. These incidents were ^{to} stimulate the interest that had blossomed into this work.

There were three things that resulted in the consequent attempt by the researcher to articulate the impressions emerging from the observed phenomena in OYI Local Government Area over time now. The researcher felt there was need to know why some people wanted to buy lands that peasants were using, and why the peasants were willing to give up their lands. Secondly, he wanted to know what became of the peasants whose lands were taken up by the buyers of the lands. Finally he was interested in knowing whether the incidence of widespread cases of sale of farmlands had taken place in other parts of Anambra State.

We started with a preliminary investigation which was carried out in respect of the observed exchange of farmlands, to see if it took place in other parts of Anambra State. The investigation involved a tour of four rural Local Government Areas in the state, including Ikwo, Isi-Uzo, Ishielu, OYI and Uzo-Uwani Local Government Areas.

Our observation was that the situation in OYI L.G.A. was peculiar and this peculiarity consisted mainly in the magnitude of the exchange of land in this location.

We then came down to look more critically at the situation, and this effort involved another preliminary investigation which involved brief discussion with some of the operators of the now established large scale farms. We wanted to know from them why they decided to go into farming. Among the reasons (many of them in self-glorification) was that they hoped to provide industrial raw materials, and that is through producing crops that would be processed later by industries.

We were aware at this point that Nigeria was following an industrial policy that emphasized local sourcing ^{of} raw materials; and this was to lead us to a specification of research problems which include;

- (a) To what extent is the establishment of large scale farms in parts of OYI Local Government Area a response to the national industrial policy. In other words, were the farms set up with the aim of producing raw materials for manufacturing industries, and are their activities geared towards that aim.
- (b) What became of the peasants whose lands were taken up by the new large scale farms, that is what is the nature of the economic activities of the peasants after their apparent displacement.
- (c) How has the apparent displacement and the activities of the large scale farms affected the economy of the communities affected.

We had hoped that finding answers to the above questions would go a long way to evaluating Nigeria's industrial policy of the 1980s and also contribute to greater knowledge of the rural societies.

A look at the available literature show that despite the volumes of work done on the peasantry, none tried to relate industrial policy to the situation among the peasants. This provided us still with more urge to do the study and we felt that we could also look at this issue from the point of view of the nature of the foundation of the economy of a post colonial state. We thus adopted the Dependency Approach as a framework for analysis.

To guide us in the research we put up three hypotheses in respect of our three research questions. First we guessed that the large scale farms set up actually produced raw materials for industries. Secondly we imagined that the peasants apparently displaced with the establishment of the large scale farms had turned to wage labour. Finally we also imagined that the displacement has worsened the capacity of the rural economy to sustain itself in terms of food production.

To test our hypotheses, we conducted on the spot assessment of the people and places involved, and this involved extensive interviews of both the operators of the large scale farms and the peasants in the relevant locations. The investigation resulted in the following observations.

First of all, in respect of hypothesis one, we found that the farms produce for a number of purposes. Some of the farms produce and sell to general consumers. On the otherhand, some of the farms were actually set up as part of effort by some industrial organizations to go for local substitutes for what they had hitherto imported.

In respect of hypothesis Two we had interviewed 746 persons. Sixty percent of them, ie 448 report being displaced in the first place by the establishment of the large scale farms. However only 226 persons or 30.3 percent report a dependence on wage labour for survival.

As to hypothesis Three which relates to the mode of procurement of local staple by the peasants, we found out that even though a total of 477 out of the 746 persons interviewed all report a resort to purchase of their staple rather than cultivating it themselves, only 241 persons attribute this development to their inability to find enough farmlands to grow their food crops.

We are constrained from confirming two of the hypotheses ie 2 and 3, essentially because they had been linked to specific measures of our findings. In spite of such shortcomings however our findings in themselves constitute a very interesting piece of information.

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BACKGROUND INFORMATION

Nigeria went through a colonial experience and emerged as an independent state in 1960. The colonial control of the entity called Nigeria, placed the country (during and after independence) in a specific socio-economic condition, one of which was that of a country exporting diverse primary products.

Barely a decade after independence the oil factor emerged. Oil was to change Nigeria from a country exporting diverse primary products into what is sometimes called monoculture, with over 90 per cent of export earnings contributed by this one commodity oil.

By the late 1970s, fluctuations in oil prices led to destabilization of public revenue, and also the destabilization of a range of activities, in production, trade and consumption, that depended heavily on public spending. The downward fluctuations in terms of reduction in export volumes and reduction in prices was to produce a national economic crisis and the associated policy traumas of the late 1970s and early 1980s and after.

In April 1983, the Shagari Administration having exhausted its drawing rights on the IMF, began negotiation with the Fund for an extended credit of \$2 billion or more, (Rimmer, 1985). By December 1983 when the Shagari Administration was replaced with a military administration under General Buhari, Nigeria was having negligible foreign exchange reserves and a highly over-valued currency. The import regime was extremely restrictive, and access to foreign exchange for other purposes was also closely controlled. In particular, Nigeria's industrial sector was

adversely affected given its heavy dependence on imported inputs. A drastic reduction in access to foreign exchange for the procurement of industrial inputs meant that many of them had to make do with less than full capacity utilization. According to Okongwu (1986:12) manufacturing activities in Nigeria have unwarrantably high import co-efficients, and since imports are themselves affected by foreign exchange supplies, the manufacturing sector would invariably respond to foreign exchange level movements.

Shortly after the December 1983 change of Government, there took place, widespread cases of sale of peasant farmlands by a number of peasant communities in the Ayamelum sections of the OYI Local Government Area of Anambra State. The peasant farmlands were bought by businessmen from outside the peasant locations, who subsequently set up large scale farms in place.

It was also observed that in the communities where the farmlands were bought, some of the peasants protested, indicating thereby that there was hardly a complete consensus on the transfer of ownership and control of the land.

A preliminary investigation was carried out in respect of the observed exchange of farmlands, to see if it took place in other parts of Anambra State. The investigation involved a tour of four rural Local Government Areas in Anambra State, namely Ikwo, Isi-Uzo, Ishielu, OYI, and Uzo-Uwani Local Government Areas. The intention was to find out the conditions of land use and transfer in the peasant communities in these areas between 1970 and 1989; which to us, represented the periods before the

emergence of the national economic crisis as well as the period of the crisis. A peculiar observation was made in OYI Local Government Area, where a number of large scale farms were set up on farmlands hitherto used by individual peasants and peasant groups. This observation suggested some level of displacement of peasants and thus a change in the pattern of land use. We then felt the need to find out the reasons for and the dynamics of this change in the pattern of land use.

1.1 OBJECTIVE OF STUDY:

Our attention is thus now focused on a number of large scale farms established in parts of OYI Local Government Area; and the interest is to find out the reasons for setting up the farms as well as the activities of the farms, and whether such reasons and activities are associated with industrial policies of Nigeria in the 1980s. The pattern of peasant employment in the area under study, before and after the establishment of the farming operations, would also be examined.

1.2 STATEMENT OF PROBLEM:

The New Nigerian Industrial Policy, a document that is essentially an articulation of the various national industrial objectives of the 1980s, has five major policy objectives (Nigeria: Business Guide, 1989/90:58 - 73). These objectives include.

- (a) The provision of Greater Employment Opportunities
- (b) Increased Export of Manufactured Goods
- (c) Promotion of Nation-Wide Industrial Development through Industrial Dispersal
- (d) Improving technological Skills
- (e) Increased Local Content.

The policy makers have also projected a number of strategies with which they hope to make the industrial sector conform to the above objectives.

With respect to the fifth objective above which directly relates to our present study and which concerns the production of local raw materials for industries, the policy tool or strategy consists in finding of suitable local raw materials and the promotion of their exploitation by industry, in terms of say backward integration.

Taking our conception of policy from Lasswell and Kaplan (in Nwosu, 1975:215), as a program of goals, values and practices, we can at least say at this point that Nigeria's Industrial Policy of the 1980s makes provision for local sourcing of raw materials. This policy direction stems, evidently, from the increasing difficulty faced by Nigeria in procuring raw materials overseas due to shortage of foreign exchange which itself arose out of the fact of the fall in oil revenue (Nwala, 1987:111).

Following from the above the problems confronting us in the present study and to which we wish to address our mind include:

(1) To what extent is the establishment of large scale farms in parts of OYI Local Government Area a response to the national industrial policy. In other words, were the farms set up with the aim of producing raw materials for manufacturing industries, and are their activities geared towards that aim?

(2) Having observed that the farms were set up on lands hitherto farmed by peasants, and thus displacing some of the peasants; how are the peasants employed now; that is what is the nature of the economic activities of the peasants after the displacement.

(3) What are the implications of the displacement, and that is in terms of whether the displacement is harmful or beneficial to the rural economy.

1:3 SIGNIFICANCE OF STUDY:

We expect that by providing answers to the questions in our problem statement it will be possible to determine whether the new industrial policy of Nigeria, stemming as it were, from national economic downturn, particularly in terms of foreign exchange scarcity, has had any bearing on the activities of manufacturing industries. Furthermore, it will be possible, if the answer to the above is in the positive, to see how such industrial activities or activities associated with manufacturing industries have affected the economic life of peasants especially in the area under study. It is expected that such information would be invaluable or at least useful to policy makers who are interested in managing an economy in the process of industrialization.

The present study will also go a long way to contributing to greater knowledge of the rural societies, which in recent times have come into position of increased focus, and in fact have become a point of attraction for development research and scholarship (Singh, 1989:11).

1:4 LITERATURE REVIEW:

The questions posed in this study pertains essentially to the reasons for the establishment and the activities of large scale farms in some peasant locations in Anambra State, with particular focus on whether such reasons and activities are associated with national industrial policy of the 1980s. Furthermore there is the problem of determining the extent to which the economic activities of the peasants have been affected by the activities of the large scale farms.

Within the limits of the information available to the researcher, there is hardly any work that has addressed the above question with reference to the area under study.

The nearest attempt at carrying out a related work is that of Nwala (1987). With due empirical investigation he was able to get information on

(a) the Cost, Manpower, Research and Development : (R&D), primary resources and lead time involved in the production of local raw materials for a number of manufacturing companies in Nigeria.

(b) What the Government can do to assist the companies involved to develop local raw materials; and

(c) the issue of how well equipped some of our companies are to handle local raw materials sourcing strategy.

His observation and conclusion is that with adequate assistance for the manufacturing sector from the Government, some of the raw materials that are currently imported can be produced locally.

Our present study would perhaps be able to show whether the potentiality which Nwala had identified is now being exploited by the manufacturing industries. This is an area that Nwala's work did not touch or extend to.

Our first question in the problem statement has also touched on the place of the national industrial policy on the activities of the large scale farms, and by extension on manufacturing industries. In this connection, one meaningful work on the nation's industrial policy direction has been the report of a closed-door forum of the Research Department of the National Institute for Policy and Strategic Studies, on Restructuring Nigeria's Industrial Sector (August 17 and 24, 1984).

Generally, the Forum reviewed the nature, achievement and problems of industrial policy in Nigeria since Independence. In particular, the Forum touched on the futility and vulnerability of Nigeria's import-substitution strategy and noted that this condition have actually been exposed by what it calls "current and foreseeable extreme shortage of foreign exchange" without which the strategy cannot be effective. The Forum was thus able to address the issue of the prospect of the nation's industrial

development strategy in the light of the problem of scarcity of foreign exchange. Like Nwala's work earlier referred to, the report of the Forum is not able to discuss in reality how the industrial development strategy or policy has affected the actual activities of manufacturing industries which is the concern of our present effort.

As to the subsequent questions in our problem statement, namely the questions bordering on what became of peasants displaced from their farmlands and the implications of such a displacement, we find still some other scholarly attempts at exposing the conditions of the peasantry in interaction with other actors in the economy of various countries. However, and as shall become obvious soon, none of the works relates directly to peasant locations in OYI Local Government Area, or any peasant groups in Anambra State for that matter, with reference to their displacement by individual large scale farms. None of the works has also tried to examine such peasant problem within the framework of the activities of industrial organization with a view to introducing or linking the issue of industrial policy to the phenomenon. It is to that extent that such works are unable to provide answers to our questions and therefore unable to stand in place of our present efforts. We shall presently look at some of the works.

Beckman (1977) tries to bring out the meaning of peasantry in a preliminary effort and moves on to show the various conceptualizations of the term. In the process he associated

himself with a number of opinions expressed on the changing patterns of peasant existence in a number of countries. He makes reference to the talk about peasants tied as sharecroppers or outgrowers to industrial capital, either directly or through monopolistic trading organizations and credit institutions. He talks of rich peasants who establish themselves as capitalist farmers exploiting the labour of (fellow) peasants, as well as poor peasants forced to sell their labour.

He also accepts a number of conclusions some other scholars have reached in the various aspects of peasant studies. For instance, there are opinions that the neo-colonial state continues to serve as vehicle for the subordination of the peasantry to capital accumulation on a world scale; and also that capital seeks to extract export produce, wage labour and wage goods as "cheaply as possible from the peasantry," with the colonial state establishing the institutional conditions for such appropriations.

One observes that Beckmann is largely theoretical and we hope that our present study would relate to it, in the direction of trying to subject the conclusions to empirical observation. In other words ours would try to investigate in concrete terms the nature of the changes or socio-economic transformations involving the peasants, especially given a set of relationships between peasants and capital.

Adams (1977) studies peasants in the Senegal River Valley and their confrontation with state institutions involved in the expansion of agricultural production. He argues that the rural

development schemes of the Senegalese bureaucracy is meant to support an export-oriented strategy of industrialization controlled by foreign capital.

In another development Coulson (1977) does a survey of agricultural policies in Tanzania, and exposes the contradictions between state development programmes and the autonomous organizing efforts of the peasants.

Bernstein (1977) on his part thinks it is useful to see peasants as wage - labour equivalents, if not as full proletarians. His argument stresses the role of capital in the 'vertical integration' of the peasantry through the regulation of production and marketing. The essence of his argument is that capital is the principal actor of the process of subordinating the peasants.

The foregoing arguments are essentially class analysis and one feels that so much generalizations are there with little attempt to get the facts from the people involved or the situation on the ground. At best the scholars had endeavoured to explain the logic of bureaucratic rural transformation in terms of the logic of international capital. It is not just enough to discuss bureaucratic involvement in rural transformation without specifying the nature of such involvement. A study of the incidence of aspects of a nation's economic policy such as the industrial policy, with particular reference to the rural sector, to us, is an important area of concern, and the scholars referred to above have not talked about this.

Eteng in Nnoli (1981) had looked at the effects of the Nigerian indigenization Programme on the producing masses of Nigeria. To an extent the programme was a manifestation of aspects of the nation's policy on industrialization. But what Eteng did was merely to advance an argument to the effect that among other things the Indigenization Programme had meant that the Nigerian state controlled by the Nigerian ruling class has tended to promote the 'wealth of the nation' as it were, but only by the progressive and cumulative decapitalization and impoverishment of the country's producing masses.

As is the case with the scholars previously referred to in this review, the above is clearly an attempt to reach conclusions by mere logic. Our interest is to establish empirical foundation to some of the common expectations scholars maintain about rural economy in relation to national socio-economic tendencies.

Ake (1981) discusses the nature and dynamics of the peasant economy during the colonial era. According to him, in the colonial economy, capital used state power to manipulate peasant production. He notes however that to a large extent, capitalists did not directly control production and the peasant was not separated from the means of production.

Mueller (1982) is concerned with the perpetuation of peasant households within the context of developing capitalist economies. She makes references to the argument by classical Marxist scholars who view small-holder agricultural production as a relatively intermittent and unstable phenomenon in the face of a developing

capitalist economy. In line with this argument one would for instance interpret our earlier observation of loss of control of means of production by peasants, as a logical process. However, we are not able to know from the work of Mueller if such a process has got anything to do with industrial policy and activities, which is our major area of concern. In other words, if the demise of household production is inherently inevitable and progressive a process, what are the dynamics of that process; and are such dynamics associated with industrial policies.

Bernal (1988) did an analysis of the structural constraints faced by African peasants and the nature of their relationship to other classes in the societies. Her's is a case study of the Sudan's Irrigated Schemes. The study shows how a particular agricultural policy led to the disorganization of a peasant economy due to the coercive nature of the Sudanese Agricultural Policy. The problem with Bernal's work here is that whereas she is concerned with agricultural policy and the peasantry, we are interested in industrial raw materials policy, the activities of industries and the peasantry.

Overton (1988) examines the dynamics of land alienation land use and mounting land shortage in the Kiambu District of Kenya during the first twenty-five years of colonial rule. In Overton's study land alienation is perceived as a major feature of the colonial system. In short, there is a colonial implication to the land alienation issue. In the case of the peasant

communities in OYI Local Government Area, there are no direct colonial feature in the now emerging pattern of control of the means of production. Also, there is no racial question here.

The important observation from the review of the literature is that none of them addresses the specific questions in our problem statement. The facts available to us indicate that none of the works available has addressed the issue of the establishment of large scale commercial farms in OYI Local Government Area or other peasant communities in Anambra State for that matter.

There is no knowledge of an existing work that is an outcome of on-the-spot investigation of the reasons behind the setting up of large scale commercial farms in parts of Anambra State, and the impact of such activities on peasant employment and their control of land in the said communities.

1:5 THEORETICAL FRAMEWORK:

For this study, the Dependency theory will be applied as a framework for analysis. The theory seeks to explain the relationships between developed nations and underdeveloped nations. The theory states a relationship of unequal exchange between the two. It holds that crucial economic decisions are made not by the countries that are underdeveloped and therefore requiring development, but by foreigners whose interests are always carefully safeguarded (Offiong, 1980:15). This describes, to a large extent, the relationship between the developed nations of the world and the so called dependent nations of the Third World. There is consequently a condition of pervasive influence of the

developed nations on the economy, policies and politics of the dependent nations.

Offiong (1980:15) explains that the indications of the dependent nature of the economies of third world nations include the growing debts, deteriorating terms of trade and balance of payments problems, as well as vulnerability to decisions made by governments and non-governmental bodies in the rich and powerful nations, by the dependent nations.

The Dependency theory is able to show that many national economic policies in the dependent nations are usually designed in reaction to conditions brought about in these countries by the status of dependency, that is, that such policies and other activities are associated ultimately with the Dependency syndrome.

The impact of the Dependency syndrome on the domestic situation of a dependent nation is further clarified by Offiong (1980:73) when he points out that the investments of internal compradors are geared towards activities complementary to foreign industrial capital.

Wynia (1978:ix) in a detailed study of the politics of Latin American development, among other efforts, identifies a condition of dependency on the part of the Latin American countries. His work thus establishes the case of dependency in the Latin American situation. According to him, the major features of the dependency situation is the fact that Latin American states rely heavily on the industrialized nations

notably the United States of America, for markets for their exports and financial capital and technology for their development. One could add that in addition to financial capital, many of the industries in the dependent nations being import-substitution industries, derive their usually semi-processed raw materials from the developed nations.

Etteng (1981) also accepts that there is a situation of dependency in Nigeria. He states that:

the centre-periphery model defines the structure of the neo-colonialist power and the dependency relationship between Nigeria and international monopoly capital. (in Nnoli, 1981:237).

Ake (1981:55) is of the view that:

an economy is dependent to the extent that its position and relations to other economies in the international system and the articulations of its internal structure make it incapable of autocentric development.

According to him, all the colonial economies of Africa were heavily dependent by the criteria of this definition.

The relevance of the Dependency theory to our present work can be stated thus. Dependency is first and foremost an economic condition which also determines the nature of the society's superstructure. It is thus logical to hold that in a dependent nation, policy options and their implementation would largely reflect the dynamics of the dependency situation.

With the theory of Dependency as our framework, we shall be able to determine the foundation or the cause of the economic downturn in Nigeria, and therefore the remote cause of the need

for the new Nigerian industrial policy. Elsewhere and earlier in this work we were able to show that the new industrial policy in Nigeria came out in response to real economic problems such as a shortage of foreign exchange to procure materials that the country had hitherto had to import from the developed countries some of which Nigerian had maintained a relationship of Dependency with. That / shortage of foreign exchange and such other related economic problems have been part of a national economic crisis which scholars have associated with the country's dependency condition. For example Nwoke in (Akindele and Ate (eds.), 1988:3) has made the point that the market economies and the third world are characterized by imperialism and unequal exchange, and that as a consequence, the third world is affected by the condition in the developed market-economy countries. So that according to him,

the world is now undergoing the worst crisis in its history, a crisis, which though originating in the developed market-economies, has brutally affected third world countries (including Nigeria) which are now experiencing the sharpest economic deterioration in the whole post-world war II period.

Nwoke's work is able also to show that in the case of Nigeria, not only is the failure of oil to continue to sustain imports in Nigeria, the basis of the Nigerian economic crisis, but that that failure is a factor of the trends in the economy of the advanced countries with which Nigeria maintains a dependency relationship.

Other scholars have also generally shown in their various works, the vital role of oil as a factor in the economic crisis in Nigeria, and it is evident from such work that oil is a critical factor in Nigeria's dependency status. Such other scholars include Rimmer (1985), Schatz (1982) and Akindede (1988).

If therefore Dependency is at the root of Nigeria's economic downturn, and if the new industrial raw materials policy was articulated from a proper assessment of the nature of the nation's economic problem at the time of the crisis (Nigeria: Business Guide 1989/90:58), then an assessment of the effects of the policy will be in the line of investigating the extent of the reaches of the Dependency condition. In other words, if the economic problems in Nigeria is traceable to Dependency, and if such economic problems (crisis) had informed the new industrial raw materials policy, then it can be taken that the fallouts from the policy would represent parts of the incidence of the Dependency condition.

Nevertheless, inspite of the explanatory potential of the Dependency theory implied in the foregoing, we do recognise that the use of the Dependency framework for analysis carries with it certain drawbacks. For instance, the theory has the problem of using very general concepts to describe large aggregation of people; a tendency that results in sweeping generalizations about economic and political relationships (O'Hear, 1987:505).

For some people, using the theory has become even a means of 'escapism' by which they are ever eager to explain any problem of the so called dependent nation on dependency, and a solution to such problem on the dismantling of the relationship of dependency.

For our purpose however, the above problem of the theory is nullified by the advantage also associated with it. Forst of all, the theory has a historical import, in the sense that it tries to show the historical dimensions of existing economic/political problems. Secondly, the theory has dynamic qualities especially when seen as pointing to the fact that there is an ever present dialectical relationship between the economic cum political conditions of the so called periphery and those of the centre. This way we can, for instance, see a particular socio-economic condition as a manifestation of the whole process of dependency. Similarly, issues that are brought up by such an economic condition can then be traced to the dependency problem.

Again, one other problem has been associated with the Dependency theory. O'Hear (1987:505) insists that the use of the theory to explain African economic problem is likely to engender attitudes of passivity or at least the denial or dismissal of African economic initiative. According to her, the theory tends to see Africans more as victims rather than actors in their own history. It suggests the encouragement of a defeatist condition.

Inspite of the above weakness however, the Dependency theory can still be seen to be able to offer a global perspective to

national problems in a world that has become so integrated by modern means of communication, and in which it has become extremely difficult for one nation to act without an influence from some other nations.

1:6 HYPOTHESES:

In respect of the questions stated in our problem statement, and in the light of the issues raised and observed in the review of literature, we put forward the following hypotheses:

- (1) The large scale farms in parts of OYI L.G.A. of Anambra State produce raw materials for manufacturing industries.
- (2) The peasants displaced as a result of the establishment of the large scale farms have turned to wage labour.
- (3) The displacement of the peasants has worsened the capacity of the rural economy to sustain itself in terms of food production.

1:7 TEST OF HYPOTHESES:

In subjecting our hypothesis (1) to test we shall endeavour to show why the large scale farms were set up, and that is whether they were meant to be mere business ventures meant to produce food crops to be consumed by the owners and/or sold to ordinary consumers; or that they were set up purely to produce and use in the producers industries and/or sell to manufacturing industries which will use the farm produce as raw materials. Furthermore, we shall have to know who actually buys the produce and what the buyers do with it.

We shall confirm this hypothesis if it is found that the owners of the farms had set them up to produce for manufacturing industries and that identified manufacturing industries actually take up the produce and use them in their factory.

The test of the hypothesis (1) is going to be done in the light of the rival hypothesis, to the effect that the large scale farms are mere business ventures set up by individuals who are interested in producing food and selling to consumers in the open market, and that buyers of the produce of the farms are actually individual ordinary consumers.

To test the second hypothesis we shall have to know whether the peasants in the communities under study are engaged in the same farms they had worked before the setting up of the farms. If some are found to have lost control of their farmlands, we shall find out from them whether such lands are part of the area taken up by the large scale farms. Furthermore, we shall find out how they now earn their living.

We shall effect confirmation of this hypothesis if the peasants in the communities now have areas where they had hitherto farmed, taken up by the large scale farms; and are now short of farmlands to work on, and that in addition, they have engaged in wage labour in the large scale farms or in farms belonging not to the individual peasant farmer concerned.

We shall of course take cognisance of the rival hypothesis suggesting that the peasants in the communities where the large scale farms are set up were not displaced in any way as they st

find farmlands on which they farm.

To test hypothesis (2), we shall have to know how the peasants procure their staple food items now (that is as at the end of 1990), and whether the mode of procuring the items is the same as it was before the large scale farms were set up.

We shall confirm this hypothesis if the peasants report that they had produced their own staples prior to the setting up of the farms, and that now they find some other sources of procuring the staples, and that this is due to the loss of farmlands.

We note also in this direction the rival hypothesis to the effect that if the establishment of the large scale farms has not caused a displacement of the peasants, that food production in the peasant economy has not been adversely affected. We recognise of course that food production may also be adversely affected due to migration to urban centres by able-bodied men and women.

1:8 METHOD OF RESEARCH:

The test of our hypotheses shall involve a great deal of observation and interviews.

To ascertain the ownership of the large scale farms, we shall interview the operators of the farms, and these would be the managers of the farms at the farm sites. We have already identified the following farms in parts of OYI Local Government Area of Anambra State:

<u>NAME OF FARM</u>	<u>LOCATION</u>
AGRO-AQUATIC FARMS	UMUEJE
DALGO FARMS	UMUEJE
OLYMPIC FARMS	OMASI
SICO FARMS	OMASI
AUSTIN FARMS	ANAKU
LIFE AGRO-TECH. FARM	ANAKU
GMO FARMS	OMOR
RANET FARMS	ANAKU
TEMPO FARMS	UMUEJE

To ascertain the use to which the produce from the farms are put, we shall observe the process of disposing the produce after the harvest. This will also involve the identification of the crops produced in the farms. The aim here is to find out where the crops are sold and who the buyers are, as well as the use to which the crops are put by the buyers.

With respect to the test of hypotheses (2) and (3) we shall interview a number of peasants in a sample of the peasants in the relevant communities of OYI Local Government Area. The interview questions shall be administered by assistants.

In the case of hypothesis (2) if simple majority of the peasants who report are agreed that their farmlands had been taken up, and that they now work for wage or on rented lands, then it shall confirm the hypothesis. In the same vein, if simple majority of the peasants interviewed report that they no longer produce as much of their staples as they had done before the

large scale farms were set up, and that this is because they do not find enough farmlands to work on; then we shall confirm hypothesis (3).

The interview guide for the intended exercise is shown in Appendix A. The questions shall be administered by interview assistants and in the local dialect.

To choose the persons to be interviewed among the peasants, we shall undertake a sample at the level of individuals, the details of which shall be discussed subsequently.

In all we have about 4,784 persons in our population, an average of $\frac{4784}{52} = 92$ persons per age grade in all the villages in each of the communities being studied. The age grades are those whose members have attained the age of 31 years or more.

Given the amount of resources available particularly in terms of time, we have decided to interview a number of persons equal to 20 per cent of the population. This number is roughly 956 persons, and that becomes the sample. This figure would mean about 18 persons to be interviewed in each of our 52 age grades. Furthermore, this means that we shall interview 4 persons in each age grade in each village in Omor community, 6 persons in each age grade in each village in Anaku, 6 persons in each age grade in each village in Onasi, and 9 persons in each age grade in each village in Umueje.

We restate here that the persons to be chosen from each age grade in each village would be according to the age, that is the eldest in the age grade, followed by the next person,

until the number to be interviewed in each age grade in each village have been interviewed.

Below is a tabular representation of how the interviewees could be selected from Anaku community used as an example here.

ANAKU COMMUNITY

<u>AGE GRADE</u>	<u>IKENGA</u>	<u>UMUEZEAGU</u>	<u>UMURIA</u>
UDOKA	6	6	6
OGANANJO	6	6	6
UWA OFU	6	6	6
OMACHI MMANWU	6	6	6
AKWASA	6	6	6
IGBONANWU	6	6	6
MGBADA BU ANU	6	6	6
OKPOKE	6	6	6
ONANNA	6	6	6
OGBAKU	6	6	6
AMUOKU	6	6	6
ODUONYE	6	6	6
AGBALUBA	6	6	6

A number of reasons inform the nature and size of our sample as shown above. Such reasons relate to the realities of the communities being studied.

A preliminary investigation in the communities under study shows that the large scale farms were set up on lands acquired from the various peasant communities. In these communities land is usually held by kinship groups called UMUNNA, on behalf

of the village where the Umunna is located. However, land is used by all peasants, even though those who use land that belongs to villages other than their own may do so on contract.

It is therefore being accepted that the issue of peasant employment for instance is an issue that concerns all the peasants in the various communities irrespective of their hamlets or kingroups. Thus we intend to seek the views of all peasants in the communities where the large scale farms are set up. However, since the number of villages and communities is much and the population large, we have to sample.

From our preliminary investigation, it was found also that the farms, that is, the large scale farms, are concentrated in four communities in the Ayamelum sections of OYI Local Government Area. The communities are Anaku, Omasi, Omor, and Umueje. In this communities, peasant agriculture is the foundation of the economy. Virtually all the people are involved in it. As such the probability is high that an individual found (interviewed) can easily represent a peasant farmer.

Each of the communities is made up of a number of villages. We decided to identify all the age groups in each community, from the age of 31 and above. The age of 31 is randomly picked, although from observation it is known that men in the concerned communities begin to set up their own families from about that age, and are therefore better able to appreciate their rural economy.

We have also observed that land is held by men in these

communities. Consequently farmland is identified with men. We decided therefore to interview the men only, and the individuals shall be chosen on the basis of age; age being an objective phenomenon.

In specific terms the following population and sample facts have been designated.

The four communities are listed below:

<u>NAME OF COMMUNITY</u>	<u>VILLAGES</u>
ANAKU	IKENGA UMUEZEAGU UMURIA
OMASI	UMUATA UGBENE OBUNOFIA
OMOR	AKANA'TOR AMAIKWE ATURIA ORENJA
UMUEJE	AMAOLI UMUOKE

The age grades in the communities are listed below.

Note that the age grade is a community-wide group. Also the average age of members of an age grade is two years different from the average age of the members of the next age grade.

Here the first age grade in each community, as listed below, has an average age of 31. For instance, majority of the members of the Udoko age grade in Anaku, shown below, were born in 1959, and are on the average 31 years in 1990.

ANAKU COMMUNITY

UDOKA
 OGANANJO
 UWA OFU
 OMACHI MMANWU
 AKWASA
 IGBONANWU
 MGBADA BU ANU
 OKPOKE
 OKANNA
 OGBAKU
 AMUOKU
 ODUONYE
 AGBALUBA

OMOR COMMUNITY

IGWEBIKE
 NJIKOKA
 OGANIRU
 OGANANJO
 AKWASA
 ORUBA
 AMAKAEKWU
 EGBENOBA
 OLIOKU 1.
 OLIOKU 2.
 OLIOKU 3.
 OKWOMMA 1.
 OKWOMMA 2.
 OGBANERI

OMASI COMMUNITY

IGWEBIKE
 OGANIRU
 UDOKA
 OGANANJO
 EBE EGO
 EBE AYA
 EBE MMANWU
 OGUNAYO
 EBE AGU
 AGBALA
 IRU UGO
 OGU ONYE
 AGBALUBA
 OCHO OGWU

UMUEJE COMMUNITY

EBE MMANWU
 EBE AGU
 MMUOKU
 MGBADA BU ANU
 ODUONYE
 OLIMGBA
 IRU UGO
 UMUOCHIOWU
 IGBOELI
 OKPATU
 MADUNEYI

It is not possible to get at the total number of persons in each age grade in each village, or community, but a sample of few age grades in Omor (the most populous of the communities) was taken. The Igwebike age grade in Akanator village for instance has 50 members. At Aturla they are 36. At Anikwe they are 40, and at Orenja they are 48 in number. This gives a total of 174 persons in this age grade in the whole community.

At Anaku which is smaller in size than Omor, but larger or more populous than each of the other two communities, the UDOKA age grade (equivalent of Omor's Igwebike age grade) has some 98 members from the three villages. At Omasi, the first age grade in the list, namely Igwebike has about 51 members. At Umueje, the figure we got was for the MADUNEYI age grade. This age grade has 42 members.

We took an average of the four age grades from the four communities so as to estimate the average size of an age grade. This is found to be an average of 92 persons in an age grade in a community.

It is the contention here that since the information being expected from the interviewees concerns not just what they do, but also what they observe and know about their environment and society; they the interviewees would be able to report and provide enough information for our exercise. They would not only say for instance where they are employed but where their fellow villagers are employed. Information from the interviewed would of course be supplemented with information from personal observation of the researcher and his assistants.

CHAPTER TWO

NIGERIA'S INDUSTRIAL POLICY

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2:1 ANTECEDENTS OF THE INDUSTRIAL POLICY:
THE NATIONAL ECONOMIC CRISIS

The national industrial policy of Nigeria of the 1980s is contained in a document published by the Federal Ministry of Industries, Abuja, in 1988.⁽¹⁾ The contents of the document is essentially an articulation of the various national industrial objectives of the 1980s.

It is the contention that the provisions of the policy⁽²⁾ were informed by the reality of the Nation's economic condition as obtained at the beginning of the 1980s and within. That condition then was not different in character from the condition that obtained also from the late 1970s, a period generally agreed to be the beginning of a national economic crisis in Nigeria (Rimmer, 1985), (Schatz, 1982).

Rimmer (1985:435 - 446) explains that by the late 1970s, fluctuations in oil prices (then providing over 90 percent of Nigeria's export earnings) had started to cause destabilization of public revenue, and activities that depended on public spending. That downward fluctuation according to Rimmer was instrumental to a national economic crisis and the associated policy traumas of the late 1970s and early 1980s, and beyond.

The critical element of this crisis was the shortage in foreign exchange reserve. Rimmer notes that by 1983 Nigeria was having negligible foreign exchange reserves and a highly over-valued currency; so much so that the import regime became extremely restrictive, and access to foreign exchange was closely controlled.

Ultimately, many industries requiring foreign exchange for imports were forced to less than full capacity utilization.

Schatz (1982:33 - 42) has also traced the impact of oil as a factor in the performance of the Nigerian economy since the OPEC oil price increases of 1973 - 74. Following the oil price increases, there was an increase in oil revenue for Nigeria and the associated increase in real Gross Domestic Product (GDP) at about 1973. By 1978 oil became the major source of foreign exchange. Schatz shows that although foreign exchange receipts from oil increased, resulting then in a huge balance-of-payment surplus at about 1974, foreign exchange expenditure soon caught up and by 1976 Nigeria had started experiencing the first of a series of growing, large balance-of-payments deficits.

Rimmer (1985) also made the point that the crisis came to a head early in April 1983, when the Shagari Administration having exhausted its drawing rights on the IMF, began negotiation with the FUND for an extended credit ^{of} US \$2 billion or more. When the Buhari regime came up, it attempted to deal with the problem by reducing public spending and current commitment of foreign exchange. A highlight of the Buhari measures was the substantial devaluation of the national currency (by about 60 per cent).

Okongwu (1986:12) accepts that there was an economic crisis in Nigeria and that it became evident in the early 1980s. He associates the problem to what he calls 'oil syndrome' which he sees as a set of symptoms. He also identifies

'declining as well as fluctuating receipts from crude oil sales' as being part of or index of the economic crisis in Nigeria in the 1980s.

The crisis point, evidently, was an understandable outcome of the way Nigeria's foreign exchange earnings from oil was managed by political leaders, from the late 1970s to early 1980s.

What happened in Nigeria then is explicable by the position of Bevan, et al (1989) to the effect that foreign exchange controls (as was traditional in Nigeria before the Structural Adjustment Programme of the later 1980s) make the private investment of boom income inefficient by causing it to be undertaken too rapidly. In Nigeria, according to this direction, the boom induced a massive increase in public expenditure, far in excess of the increase in public revenue. The net effect on capital formation became negative because the fiscal response exacerbates the rise in the relative price of non-traded capital goods, and because resources are preempted for government consumption.

The continuing deficit in Nigeria's balance of payments necessitated a number of policy directions with respect to the monetary and fiscal system. Given the then domestic capital market and associated limited possibilities for domestic borrowing; external borrowing became an appealing option. That explains the Shagari Administration's negotiation with the IMF for an extended credit (Fischer and Easterly, 1990).

Thus the economic crisis in Nigeria was from all indications founded on the foreign exchange problem the country faced after the collapse of oil prices. The significance of the foreign exchange problem rests on the fact that Nigeria imports a lot. The excessive imports are paid for with foreign exchange earnings of the country; so that a fall in foreign exchange earnings with persistent high level of imports, is a clear indication of the gravity of the problem.

The crisis was manifested in various ways, including unemployment, inflation, external debts rise, balance of trade and balance of payments problems, etc.

With respect to inflation, Table 1 shows the nature of this problem over the period 1981 - 1985. The table shows the composite consumer price index - combined (Rural and urban centres). By 1975, the index was 100. The index rose to 247 in 1981. It subsequently moved to 267 in 1982, 328 in 1983, 458 in 1984, and 485 in 1985.

The employment situation on its part is represented in Table 2, which shows the persons employed in manufacturing industry over the period 1977 to 1983. On the whole the total employed in this sector started falling from 1981 after a rise from 294,245 in 1980 to 448,679 in 1981. By 1982, the figure has fallen to 249,132, and even to 233,578 in 1983.

The balance of payment problem was critical during the period of crisis. Table 3 shows in details the condition of this aspect of the economy. In particular, item 14 indicates

the foreign exchange assets of the country between 1981 and 1985. Whereas in 1981, the credit was over ₦4 billion and the debit was about ₦1.2 billion, the respective figures for 1984 was ₦0.7 billion credit and ₦1.08 billion debit. By 1985 credit had fallen to ₦0.5 billion and the debit had risen to ₦1.14 billion.

The economic downturn was indicated also by the country's trade balance between 1984 and 1988. There was a continuing rise in the value of merchandise imports from 1979 up to 1981. By 1979 the value was about ₦6.2 billion. It was ₦8.2 billion in 1980, and ₦12.6 billion by 1981. It began to fall or drop from 1982 when it became ₦10.1 billion. In 1983 it had fallen drastically to ₦6.5 billion, and further to ₦4.5 billion in 1984. Table 4 contains detailed information on this.

We had earlier noted the important position imports occupy in the economy of Nigeria. It is to be noted that the fall in imports was not because domestic production was expanding in equal proportion. Table 5 actually shows that the GDP was declining over the same period. In 1980 the GDP was ₦31.5 billion. It fell to ₦28.9 billion in 1981, and then to ₦27.9 billion in 1982. By 1983 it had fallen to ₦26.2 billion, and further down to ₦24.8 billion in 1984.

An implication of the foregoing is that Nigeria had had to reduce the importation of goods because the country could

no longer afford to pay for such imports. At least the immediate outcome of such a condition was inflation. This was shown in Table 1 earlier on. Beyond inflation however, certain economic activities that relied much on imports were adversely affected. Table 6 shows the position of imported materials including certain raw materials. Item 2 shows the figures for crude materials including a number of raw materials used by manufacturing industries. There was a steady fall in the value of imports of this items, from 1981 to 1984.

In 1981 the value of imports of these items was ₦218 billion or more. In 1982 it fell to ₦207.2 billion, and fell further to ₦204.3 billion in 1983. It went still down to ₦187.5 billion in 1984. It is possible that the relaxation of controls over the import systems was instrumental to the rise of the value of the imports of the items to ₦274.8 billion in 1985. This increase does not seem to have been sustained up to the end of the decade, because as is shown in Table 7, the allocation of foreign exchange for imports of raw materials fell from US \$1.289 billion in 1988 to US \$1.163 billion in 1989. It is also not as if at this time, domestic production of some of the industrial raw materials had been boosted to such an extent that importation has become less necessary. Table 8 shows that production of certain crops used as raw materials by food processing industries, such as maize, wheat, millet, sorghum, had declined

over the period 1986 to 1987. Estimated output of maize fell from about 1.3 million tonnes in 1986 to 1.2 million tonnes in 1987. For millet, the figure fell from 4.1 million tonnes in 1986 to 3.9 million tonnes in 1987. The figures for sorghum are 5.4 million tonnes in 1986 to 5.1 million tonnes in 1987.

Generally, Nigeria's imports maintained a steady decline throughout the decade. This is shown in Table 9 where figures were ₦12.7 billion in 1981, ₦10.7 billion in 1982, ₦8.9 billion in 1983, ₦7.2 billion in 1984, ₦7.1 billion in 1985, and ₦5.9 billion in 1986. Within this period, there were fluctuations in the output of manufacturing industries. Table 10 shows the nature of such fluctuations.

The foregoing represents the background to the new Nigerian Industrial Policy published in 1988, a document which represents the main thrust of government's steps towards industrial development given the realities of the nation's economic problems since the collapse of oil prices in the later part of the 1970s. The obvious position in the preceding analysis is that certain economic realities had emerged in Nigeria within the period necessitating thereon certain policy measures not only in the industrial sector which is of major concern to us here, but in other sectors of the economy and society at large. The argument is being advanced here that the new Nigerian Industrial policy is borne out of the reality of an economic crisis in Nigeria. The nature of such a crisis is as represented in and analysed with the tables earlier on.

Within the context of this economic condition, one can understand why the problems of the manufacturing sector have often been attributed to the decline in the country's foreign exchange earnings especially in the early 1980s. Then, the high import dependence of the manufacturing sector became a serious liability on the economy. It thus became clear that a restructuring of the manufacturing sector was required, and to cope with the problems of this sector and the economy in general, Nigeria embarked on a Structural Adjustment Programme (SAP) in July, 1986. With the introduction of SAP it became necessary for a government re-appraisal of the regulatory environment, the structure of protection for local industries and the package of incentives. (1)

A report of a closed-door Forum of the Research Department of the National Institute for Policy and Strategic Studies (NIPSS) on Restructuring Nigeria's Industrial Sector (August 17, and 24, 1984) also provides some information on the background to the current national industrial policy. Of particular significance was the Forum's expression of misgivings concerning Nigeria's esthwhile industrial strategy of import-substitution. The Forum is of the view that the strategy was becoming futile given the 'current and foreseeable extreme shortage of foreign exchange without which the strategy cannot be effective. The Forum had recommended then a strategy of what it calls "import-displacement" by which it is hoped, a process of enhancing local value added, stimulating the development of home-grown and

modified or adaptive technology, and minimizing the off-shore cost of manufacturing, could be effected.

It is evident from the foregoing that policy makers in Nigeria were aware of the problems associated with an industrial sector that relied on foreign inputs at a time of rapid fall in foreign exchange earnings.

Also Binswanger (1989) has provided some theoretical ideas that could throw light on the basis of the new industrial policy of Nigeria. According to him, the core of structural adjustment policies (as obtained in Nigeria from 1986),⁽²⁾ consists of elimination of over-valued exchange rate, reduction in industrial protection, and fiscal austerity. Certain specific agricultural measures include among others, reduction of subsidies to producers. It is to be expected therefore, in the above direction, that part of the effects of the programme in Nigeria would be to spur industries to look inwards to source their inputs. This could occur in two ways. First, the previous situation of government subsidies to producers has been able to make it possible for government to influence the price of agricultural commodities.⁽³⁾ A reduction in such subsidies (and therefore government influence) now would lead to greater freedom of producers to allow their prices to reflect the market situation. Ordinarily this would lead to high costs of inputs for industries who use produce as inputs, and many of them may consider it more profitable to invest directly or indirectly

in agriculture. This line of thought could influence the reasoning of industrial policy makers in fashioning out an industrial policy.

Secondly, it is not difficult to observe that the real situation for those industries using imported agricultural products, example flour mills, is akin to the argument of Binswanger (1989:240) to the effect that as exchange rate rises (in the adjustment process), agricultural imports became more expensive and fall. As is understandable one of two conditions would normally emerge, viz higher cost of production for industries, or a reduction in capacity utilization. The possibility is also there for both a reduced capacity utilization and an increase in cost of production to occur. Many would expect to see an equation between reduced capacity utilization and reduced domestic demand which comes with other aspects of structural adjustment such as fiscal austerity. Again industries may be made to look inwards in reaction to the above difficulties associated with imports.

It is to be expected from the foregoing that if the reality of the industrial sector was to be the basis of a national policy (and we think it should be so), then the New Nigeria Industrial Policy would have had to take at least two things into consideration. They are first, the near acute shortage of foreign exchange for the procurement of industrial inputs, and secondly the very fact of using a disproportionate amount of available foreign

exchange for the purchase of industrial raw materials. To bring about the end of the second condition above, would invariably mean a step further in the direction of economic self-reliance. One is wont to think that Nigerian Policy makers are not oblivious of the above facts.

2:2 PROVISIONS OF THE NEW NATIONAL INDUSTRIAL POLICY:

The new Nigerian Industrial Policy has five major policy objectives. They include⁽⁴⁾

- (1) The provision of Greater Employment Opportunities.
- (2) Increased Export of Manufactured Goods.
- (3) Promotion of Nation-wide Industrial Development through Industrial Dispersal.
- (4) Improving Technological Skills.
- (5) Increased Local Content.

The authors of the policy are convinced that the above objectives, when achieved, would ultimately lead to an accelerated pace of industrial development in Nigeria, through the increase of the contribution of the manufacturing sector to the Gross Domestic Product.

The policy makers have also projected a number of strategies with which they hope to make the industrial sector conform to the above objectives.

With respect to the first objective, namely the provision of greater employment opportunities, the major policy tool would consist in the promotion of small scale industries. Specifically,

promotion of small scale industries would be effected through the establishment of Small Scale Industries Corporation which will function to co-ordinate the activities of the Small Scale enterprises. The Corporation would be responsible for the development of policies and programmes for small scale industries, provision of extension services, meeting of training needs of small scale industries, provision of technical and management assistance, and provision of facilities for credit delivery.

The policy tool with respect to the second policy objective, i.e. increased export of manufactured goods, will consist in making Nigerian exports more competitive internationally and export activities more profitable for industrialists by measuring up to international standards and aggressive marketing.

On the promotion of nation-wide Industrial Development through Industrial dispersal which objective is aimed at discouraging over-concentration of industries in a few industrial centres; the policy formulators are of the view that through various incentives which include a programme of industrial layouts and craft villages development, the government would be able to make all areas attractive to new investment.

As regards the objective of improving Technological Skills, the tools would be part and parcel of the quality and availability of technical education and industrial training as well as the content and level of industrial research being undertaken in the nation's industries and research institutes.

With respect to the fifth and final objective, namely increased local content, an objective whose achievement would come about through increased use of local raw materials and further backward integration by existing and new industries; the policy tool would consist in finding of suitable local raw materials and promoting their exploitation by industry.

Our present effort at analysing the impact of the industrial activities on the peasant sector in Nigeria, is to all intents and purposes closely associated with this last policy objective.

Obviously the industrial policy under review here intends to effect increased use of local raw materials and further backward integration by existing and new industries. In this direction industries are expected to turn to local sources for their raw materials instead of the erstwhile condition of importation of raw materials. Such an inward looking effort would not only mean that the said industries would look for the raw materials to buy here at home, but would also try to produce such raw materials themselves. That is the dimension referred to as backward integration.

It is important to observe that the search for raw materials at home or the attempt to produce them by industries themselves does not precede the identification of the suitable raw materials. Industries do identify the suitable raw materials before they go on to buy them or to set up subsidiaries to

produce them from local sources. The New Nigeria Industrial Policy provides for the Raw Materials Research and Development Council, the responsibility for allocating resources for research and development of identified raw materials.

The most important implication of the foregoing to our research objective here is that we have tried to establish that Nigeria's industrial policy of the period under study adequately provides for local sourcing of raw materials by manufacturing industries.

Elsewhere, we have been able to observe that not only have industries responded to the new policy direction, but that they have also done so to, among other reasons, help Nigeria to reduce the amount of foreign exchange expended on importation of raw materials from overseas. For instance, it has been noted that a cereal conversion plant being built by Cadbury, a leading confectionery manufacturing industry in Nigeria, would save Nigeria about ₦100 million yearly in foreign exchange. (5)

The Cadbury plant is designed to convert local cereals into a standard condition so that they could be used to manufacture certain confectioneries which had hitherto been manufactured using foreign raw materials.

It is also like the important voices in the industrial sector have allied themselves with the local sourcing of raw materials provision of the industrial policy. Chizea (1989) is convinced for instance that, as far as the industrial scene in Nigeria is concerned, the future belongs to those manufacturing

concerns that are in a position to source a sizeable portion of their inputs locally and thereby less dependent on the dwindling foreign exchange resources of the country (for the importation of their inputs). He also observes that there has been improvement in the supply of some local inputs to a number of manufacturing industries. This later observation is also supported by the Central Bank of Nigeria's quarterly surveys of the Nigerian economy. (6) The surveys suggest that there has been some modest improvement in the supply of local raw materials of agricultural origin to domestic industries. The CBN report notes that the progress in the direction of local sourcing of raw materials appears to be in keeping with the objectives of government economic programmes which had envisaged that local industries would either go into direct production of these raw materials or organize local producers to provide their supplies. The report concludes that a reasonable measure of backward integration has been attained.

More information on the condition of local sourcing of raw materials by manufacturing industries in Nigeria can be found in Nwala (1987:11 - 116). In a work done with a reasonable amount of empirical investigation, he examines the cost, manpower, research and development (R & D), primary resources and lead time involved in the production of local raw materials. He also looks at what the government can do to assist companies to develop local raw materials; and finally examines the issue of how well equipped some of our companies are to handle local

raw materials sourcing strategy.

He was able to show from his study of a number of manufacturing companies in Nigeria that some of the raw materials that are currently imported can be produced locally, and that in fact quite a number of the companies have already taken steps to source their raw materials locally. He made some recommendations on how the public agencies and the government could assist the companies to move further in the direction of increased sourcing of raw materials locally. In specific reference to agro-based manufacturing industries, Nwala asks that such companies should be made or assisted to embark on large scale farming to grow their raw materials; and that further on in this direction the process of acquisition of land for large-scale agriculture, and documentation of legal titles to land and buildings should be simplified.

Having thus established at this point that local sourcing of raw materials is a major direction in Nigeria's new Industrial Policy, and that a number of manufacturing organizations have actually responded positively to this policy requirement, we shall go on to look at the situation in the communities that we wish to study with a view to finding out if the large-scale agricultural ventures we had located are in any way involved in the attempt to source industrial raw materials locally; and also what the impact of their activities have been on the peasant farmers in such communities.

NOTES

1. See National Association of Chambers of Commerce, Industries, Mines and Agriculture (NACCIMA) Factbook, 1990, p. 58).
2. The Structural Adjustment Programme in Nigeria was introduced in 1986.
3. Farmers involved in the various River Basin Development Authorities, were said to be heavily subsidized.
4. See Nigeria: Business Guide 1989/90. A publication of ICON Limited (Merchant Bankers).
5. Guardian (Newspaper, Sunday 23rd September, 1990, P. A17.
6. See Central Bank of Nigeria: Economic and Financial Review, Vol. 27, No. 4, Dec. 1989, P. 38.

TABLE ONE

COMPOSITE PRICE INDEX FOR RURAL AND URBAN CENTRES
COMPOSITE COMMODITY PRICE INDEX (PRICE INDICES)
RURAL AND URBAN CENTRES

Period	All Items	Agri- culture Food Crops	Food and Fiber	Tobacco and Lea	Other	Household Consumer Goods	Services	Other
1981	247	27	100	200	110	100	100	100
1982	267	100	100	220	110	110	110	110
1983	320	100	100	310	110	110	110	110
1984	428	100	100	450	110	110	110	110
1985	404	100	100	399	110	110	110	110
1986								
January	391	100	100	305	110	110	110	110
February	350	100	100	411	110	110	110	110
March	409	100	100	415	110	110	110	110
April	438	100	100	420	110	110	110	110
May	473	100	100	450	110	110	110	110
June	475	100	100	454	110	110	110	110
July	406	100	100	437	110	110	110	110
August	501	100	100	453	110	110	110	110
September	505	100	100	452	110	110	110	110
October	488	100	100	445	110	110	110	110
November	477	100	100	470	110	110	110	110
December	469	100	100	472	110	110	110	110
1985								
January	480	100	100	515	110	110	110	110
February	478	100	100	517	110	110	110	110
March	490	100	100	547	110	110	110	110
April	494	100	100	560	110	110	110	110
May	491	100	100	555	110	110	110	110
June	492	100	100	556	110	110	110	110
July	485	100	100	546	110	110	110	110
August	486	100	100	542	110	110	110	110
September	480	100	100	562	110	110	110	110
October	480	100	100	570	110	110	110	110
November	476	100	100	563	110	110	110	110
December	474	100	100	555	110	110	110	110

SOURCE: ANNUAL ABSTRACT OF STATISTICS 1986 EDITION
 FEDERAL OFFICE OF STATISTICS, LAGOS, NIGERIA.

Sou.

~~Food~~

Beverages and Tobacco

Textiles

Leather and Leather Product

Wood and Wood Products

Paper and Paper Products

Medicine, Cosmetics and
Toiletries

Other Chemical Products

Rubber and Plastic Product

Electrical Products

Others

Total

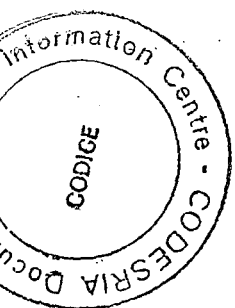
SOURCE: ANNUAL ABST
FEDERAL OFF

STATEMENT OF PAYMENTS

	1981		1982 ¹		
	Credit	Debit	Credit	Debit	
Services and Income	12,048.1	16,047.5	5,719.7	13,539.2	7
Merchandise	11,023.2	11,726.3	3,206.4	10,016.6	7
Shipment	276.9	1,284.8	125.1	753.9	
Other Transportation	89.5	153.9	99.0	265.6	
Travel	120.2	677.7	81.2	549.4	
Investment Income	431.2	332.4	148.4	335.2	
Other goods, Services and Income	36.8	1,004.2	40.5	770.0	
Limited Transfers	20.2	367.7	19.1	308.5	
Official	12.5	35.3	11.4	38.0	
Private	7.7	282.4	7.7	270.5	
Account Balance on Item 1 - 7	-	3,499.4	-	4,879.5	
Excluding Reserves:	3,111.2	2,181.7	5,123.6	1,652.7	5
Direct Investment	784.9	450.2	549.1	259.1	1
Other Capital (Long-Term)	268.8	370.4	1,345.8	609.0	2
Other Capital (Short-Term)	1,457.5	1,361.1	3,228.7	784.6	2
Balance on Capital Account	929.5	-	3,470.9	-	2
Balance on Current and Capital Account	-	3,069.9	-	4,408.6	
Assets Movement	4,460.5	1,439.7	2,236.1	357.8	
Monetary Gold	-	-	-	-	
Special drawing rights	2.7	37.9	177.2	29.9	
Reserve position in the Fund	54.9	128.5	331.4	-	
Foreign Exchange Assets	4,402.9	1,223.3	1,747.5	327.9	
Other Claims	-	-	-	-	
and Omissions	49.1	-	10.3	-	

TABLE TH

SOURCE: ANNUAL ABSTRACT OF STATISTICS
FEDERAL OFFICE OF STATISTICS,



SECTION G: ECONOMIC CONDITION

(i) TRADE

G1. EXTERNAL TRADE

TABLE Four

VALUE OF EXTERNAL TRADE AND VISIBLE BALANCE

	#'000			
	Merchandise Imports (C.I.F.)	Merchandise Exports		Visible Balance
		Domestic Exports (F.O.B)	Re-Exports (F.O.B)	
1979	6,169,214	10,371,413	26,331	+4,228,530
1980	8,217,125	13,687,409	25,211	+5,495,495
1981	12,618,395	11,011,082	23,038	-1,584,273
1982	10,100,142	9,196,369	27,011	- 876,762
1983	6,555,700	7,737,407	14,448	+1,196,155
1984	4,484,525	9,127,896	10,880	+4,654,251
1985	5,536,874	11,720,786	.	6,183,912

SOURCE: ANNUAL ABSTRACT OF STATISTICS 1986 EDITION
FEDERAL OFFICE OF STATISTICS, LAGOS NIGERIA.

TABLE FIVE

GROSS DOMESTIC PRODUCT AT 1977/78 FACTOR COST

N⁰ MILLION

ACTIVITY SECTOR	1976/77	1977/78	1978/79	1979/80	1980	1981	1982	1983	1984	1985
1. Agriculture	4,673.86	5,096.69	4,424.15	3,582.79	3,944.73	3,534.73	4,343.23	4,017.30	3,998.73	4,398.60
2. Livestock	1,079.70	1,238.62	1,219.83	1,360.99	1,557.28	1,560.41	1,618.31	1,714.88	1,825.12	1,930.34
3. Forestry	325.62	297.97	280.37	275.39	270.65	264.48	259.41	241.78	245.64	253.01
4. Fishing	754.26	768.36	738.64	814.29	729.37	754.63	784.41	818.72	568.67	365.80
5. Mining & quarrying	7,696.27	7,904.96	6,872.72	8,264.51	7,437.05	5,339.22	4,680.12	4,497.02	4,874.76	5,184.72
5.1 Crude Petroleum	6,373.98	7,071.60	6,225.57	7,637.56	6,754.33	4,625.42	4,086.05	3,983.92	4,500.54	4,385.45
5.2 Others	717.29	333.36	647.15	626.95	682.72	713.80	594.07	513.10	374.22	299.27
6. Manufacturing	1,463.59	1,695.58	2,168.99	2,599.15	3,485.86	2,179.79	1,828.37	2,318.85	2,041.91	2,433.99
7. Utilities	35.20	98.66	110.77	137.32	143.72	171.26	192.38	200.35	206.82	213.49
8. Building & Construction	2,560.75	2,990.84	2,875.88	2,778.83	3,056.00	3,204.08	2,674.46	2,312.20	1,684.07	1,347.26
9. Transport	335.17	387.13	1,017.65	969.14	1,163.21	1,399.30	1,446.30	1,080.44	811.60	689.45
10. Communication	51.16	52.15	57.48	58.70	58.31	61.60	60.36	57.66	57.53	56.29
11. Wholesale & Retail Trade	6,020.79	5,771.71	5,745.56	5,781.73	6,317.96	6,342.35	5,642.60	4,973.38	4,559.56	5,012.03
12. Hotels & Restaurants	63.00	66.79	32.00	92.29	101.14	109.66	122.68	135.35	135.85	130.79
13. Finance & Insurance	610.48	690.61	641.01	605.87	548.27	748.95	929.90	876.35	829.54	316.26
14. Real Estate & Business Services	95.69	102.23	99.89	91.37	71.42	61.75	53.19	52.60	49.83	54.43
15. Housing	1,177.55	1,081.44	1,098.06	959.32	978.32	1,026.35	1,056.87	793.13	793.13	1,032.15
16. SUB TOTAL	27,498.09	29,843.74	27,483.00	28,371.69	29,868.09	26,758.16	25,703.16	24,090.51	22,682.76	24,018.61
17. Producers of Government Services	1,648.42	1,676.60	1,729.35	1,576.30	1,578.67	2,141.01	2,270.91	2,127.37	2,162.76	2,140.11
18. TOTAL	29,146.51	31,520.34	29,212.35	29,947.99	31,446.76	28,899.17	27,974.07	26,217.88	24,845.52	26,158.72

SOURCE: ANNUAL ABSTRACT OF STATISTICS 1986 EDITION
FEDERAL OFFICE OF STATISTICS, LAGOS NIGERIA.

TABLE ~~SIX~~

IMPORTS BY COMMODITY SECTIONS

N' 000

	1979	1980	1981	1982	1983	1984	1985
0. Food	952,398	1,049,048	1,820,215	1,642,245	1,296,714	843,246	940,597
1. Beverages and Tobacco	8,115	12,845	16,496	16,403	13,130	10,446	7,402
2. Crude Materials Inerible Excepts Fuels	117,353	164,052	218,908	207,229	204,373	187,521	274,605
3. Mineral Fuels, Lubricants and Related Materials	126,776	118,778	151,102	115,466	52,987	52,053	47,449
4. Animal and Vegetable Oils and Fats	97,988	96,322	126,736	151,366	105,556	101,759	55,674
5. Chemicals	647,030	881,040	1,220,402	981,620	713,969	656,402	868,943
6. Manufactured Goods Classified Chiefly by Material	1,442,589	1,929,355	2,540,751	2,137,059	1,477,078	845,956	1,263,527
7. Machinery and Transport Equipment	2,401,830	3,363,059	5,548,058	4,169,866	2,365,990	1,604,405	1,892,807
8. Miscellaneous Manufactured Articles	349,632	589,854	947,748	642,319	316,643	171,170	176,006
9. Commodities and Transac- tions not classified according to kind	25,503	42,744	25,997	36,569	9,259	11,567	5,325
Total Imports	6,169,214	8,217,125	12,619,393	10,100,142	6,555,700	4,484,525	5,536,874

SOURCE: ANNUAL ABSTRACT OF STATISTICS 1986 EDITION
FEDERAL OFFICE OF STATISTICS, LAGOS NIGERIA

TABLE SEVEN

Table 7

SECTORAL ALLOCATION OF FOREIGN EXCHANGE
(US \$ Million)

	Fourth Qtr	Jan-Dec	Third Qtr	Fourth Qtr	Jan-Dec	Percentage Change Between		(1) as	(2) as	(4) as
	1988	1988	1989	1989	1989	(1) & (4)	(3) & (4)	Percentage of Total	Percentage of Total	Percentage of Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
A. IMPORTS	710.4	3,091.3	728.3	801.2	2,608.5	12.8	10.0	90.8	90.8	89.1
(1) Industrial Sector:	509.3	2,241.5	538.7	576.3	1,922.3	13.2	6.9	65.1	67.2	64.1
(i) Raw Materials	276.8	1,289.8	327.2	342.5	1,163.5	23.7	4.8	35.4	40.8	38.1
(ii) Machinery Spare Parts and cld:	232.5	951.7	211.5	233.8	758.8	0.5	10.5	29.7	26.4	26.0
(2) Agricultural Sector	1.7	21.0	37.9	17.2	36.6	91.8	-34.6	0.2	4.7	1.9
(3) Finished Goods:	194.8	814.9	150.6	207.7	597.4	6.6	37.9	24.9	18.8	23.1
(i) Food:	47.1	180.1	27.5	43.1	123.4	8.5	56.7	6.0	3.4	4.8
(ii) Motor Vehicles:	—	—	13.4	16.7	38.4	—	24.6	—	1.7	1.9
(iii) General Merchandise	147.7	634.8	109.7	147.9	435.6	0.1	34.8	18.9	13.7	16.4
(4) Capital Goods	4.6	13.9	1.1	0.0	2.2	100.0	-100.0	0.6	0.1	0.0
B. INVISIBLES	72.1	370.4	73.8	98.0	289.4	35.9	32.8	9.2	9.2	10.9
(i) Education:	3.5	14.6	2.1	2.4	10.6	-31.4	14.2	0.4	0.3	0.3
(ii) Personal Home Remittance	3.8	20.8	2.8	2.5	10.4	-34.2	-10.7	0.5	0.3	0.3
(iii) Airline Remittance	17.0	58.1	20.7	34.9	74.7	105.3	68.6	2.2	2.6	3.9
(iv) Travels (BTA and Business Travels)	7.9	67.9	11.2	14.7	37.7	86.1	31.2	1.0	1.4	1.6
(v) Re-Insurance	4.9	12.9	11.1	3.0	17.7	-32.8	-72.9	0.6	1.4	0.3
(vi) Contract	8.0	32.0	6.9	8.6	36.0	7.5	24.6	1.0	0.9	1.0
(vii) Aircraft lease and Maintenance Fee	2.9	26.2	1.7	0.9	5.2	-68.9	-47.1	0.4	0.2	0.1
(viii) Shipping Vessels and Charter & Main.	1.4	9.6	1.2	0.1	2.5	-92.9	-91.7	0.2	0.1	0.0
(ix) Investment Income										
Profit and dividends	4.5	23.5	8.3	13.1	32.0	191.1	57.8	0.6	1.0	1.4
(x) Reparation of Capital	—	—	0.6	1.8	2.7	—	200.0	—	0.1	0.2
(xi) Others	18.2	104.3	7.2	16.0	59.9	-12.1	122.2	2.3	0.9	1.8
TOTAL	782.5	3,461.2	802.1	899.2	2,897.9	14.9	12.1	100.0	100.0	100.0

SOURCE: CENTRAL BANK OF NIGERIA: ECONOMIC AND FINANCIAL REVIEW
Vol. 27 No. 4

TABLE EIGHT

PRODUCTION — AGRICULTURE

Table 55(a)

ESTIMATED OUTPUT OF MAJOR AGRICULTURAL COMMODITIES ('000 Tonnes, Except Otherwise Stated)

Commodities	1986	1987	1988	Percentage Change between	
	(1)	(2)	(3)	(1) and (2)	(2) and (3)
1. CROPS					
Maize.....	1,336	1,202	1,370	-10.0	14.0
Millet.....	4,111	3,905	4,170	-5.0	6.8
Sorghum.....	5,455	5,182	5,534	-5.0	6.8
Rice.....	283	297	307	4.9	3.4
Wheat.....	132	139	142	5.3	2.2
Acha.....	27	26	30	-3.7	15.4
Beans.....	732	688	693	-6.0	0.3
Cassava.....	1,564	1,486	1,567	-5.0	6.8
Potato.....	46	45	44	-2.2	-2.2
Yam.....	5,209	4,886	5,042	-6.6	3.2
Cocoyam.....	373	354	300	-5.1	-15.3
Plantain.....	1,127	1,071	1,549	-5.0	26.0
Vegetables.....	1,293	1,241	1,354	4.0	9.1
Other Crops					
Melon.....	153	145	150	-5.2	3.4
Groundnut.....	640	657	706	2.7	7.5
Beansseed.....	35	34	36	-2.9	5.9
Coconut.....	104	105	108	1.0	2.8
Sheanut.....	103	104	109	1.0	4.8
Soyabeans.....	100	107	121	7.0	8.4
Cottonseed.....	30	32	38	6.7	18.8
Palm Kernel.....	350	353	545	0.9	13.3
Palm Oil.....	650	715	786	10.0	9.9
Cocoa.....	100	105	200	5.0	72.4
Coffee.....	6	6	10	0.0	33.3
Rubber.....	60	51	81	-15.0	19.6
Sugar Cane.....	897	852	888	-5.0	4.2
Palm Wine.....	4,940	4,951	4,986	0.2	0.7
Tobacco.....	25	26	27	4.0	3.8
2. LIVESTOCK					
Poultry.....	67	56	54	-16.4	-3.6
Goat Meat.....	192	206	209	5.1	1.4
Lamb/Mutton.....	68	75	81	10.2	8.0
Beef.....	223	232	260	4.0	12.1
Pork.....	33	34	39	3.0	14.7
Milk.....	180	182	188	1.1	3.4
Eggs.....	399	332	260	-16.8	-21.6
3. FISH					
Artisanal Coastal and Brackish Water					
Catches.....	137.2	145.8	171.6	4.3	17.7
Inland Lakes and Rivers.....	107.0	103.2	50.9	-3.6	-50.7
Fish Farming/Inshore Fishing.....	37.2	21.4	27.2	-42.5	27.1
Shrimps.....	1.6	2.2	2.2	37.5	—
Distant Water Catches.....	65.2	209.1	105.3	220.7	-49.6
4. FORESTRY ('000 Cubic Metres)					
Round Wood.....	92,562	95,524	97,912	3.2	2.5
Sawn Wood.....	926	939	963	1.4	2.5
Wood Based Panels.....	118	118	120	0.0	1.7
Paper and Paper Boards.....	14	14	15.0	0.0	7.1

SOURCE: CENTRAL BANK OF NIGERIA — ECONOMIC
AND FINANCIAL REVIEW
VOL. 27 NO. 4
DECEMBER 1989.

TABLE NINE

VIII. EXTERNAL TRADE

Description	Unit	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
EXPORTS	N'Million	885.4	1293.4	1434.2	1778.4	5794.8	4925.5	6754.1	7630.6	6064.4	10836.8	14186.7	11023.3	8206.4	7502.5	9088	11720.8	8920.5	30239.9
Oil Sector																			
Petroleum (crude)	"	510	953	1176.2	1493.5	5365.7	4563.1	6321.6	7072.8	5653.6	10166.8	13632.3	10680.5	8003.2	7201.2	8840.6	11223.7	8368.5	28739.9
Non-oil Sector	"	375.4	340.4	258	284.9	429.1	362.4	429.5	557.8	662.8	670	554.4	342.8	203.2	301.3	247.4	497.1	552	1500.9
EXPORT OF MAJOR COMMODITIES																			
Cocoa	"	133	143.2	102.1	12.4	159	181.8	311.1	314.1	384.3	432.2	311.1	142.7	150.4	226.2	182.8	182.1	370.7	846.7
Groundnut	"	436	24.4	19.1	45.5	6.8		0.2	0.1	0.3	-	-	-	1.3	0.2	-	-	0.1	-
Palm Kernels	"	21.8	25.8	15.7	18.9	43.7	13.5	27	32.6	10	11.8	14.1	17.9	11.2	16.6	8.4	6.2	7.5	30.2
Rubber (Natural)	"	17.4	12.4	7.4	19.4	33.2	15.2	14.4	11.1	11.9	13	14.1	17.8	16	14.9	16.6	3.8	29.1	60.5
Timber (Log and sawn)	"	6.2	5.2	8.1	1.5	11.2	4.6	0.9	0.5	0.3	-	-	n.a	n.a	-	-	-	-	-
Tin Metal	"	33.8	24.2	19.1	15.5	26.4	20.4	15.5	13.3	11	10.8	14.2	26.8	n.a	n.a	n.a	4.1	1.3	30.2
Other Exports	"	119.62	105.2	87.5	171.7	148.8	122.7	152.6	189.1	123.3	147.2	141.8	71.2	n.a	n.a	n.a	n.a	n.a	n.a
IMPORTS	"	756.4	1079	990.1	1224.8	1736.5	3721.5	5148.5	7116.6	8211.7	7472.5	9095.6	12719.8	10770.5	8903.7	7178.3	7062.6	5983.6	17861.7
Oil Sector	"	52.2	50.6	45.2	41	52.4	118	95	102.2	110	230	227.4	199.8	225.5	171.6	282.4	51.8	913.9	3170.1
Non-oil Sector	"	704.2	1028.4	944.9	1183.8	1684.1	3603.5	5053.5	7014.4	8101.7	7242.5	8868.2	12520	10545	8732.1	6895.9	7010.8	5069.7	1469.6

SOURCE: CENTRAL BANK OF NIGERIA: ECONOMIC AND FINANCIAL REVIEW
 VOL. 27 NO. 4
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TABLE TEN

Description	Unit	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
3. PRODUCER PRICES																			
	(1974=100)																		
i) Cocoa		60.6	61	61	72.7	100	141.7	135.5	11.5	103	221.8	240.3	n.a	n.a	n.a	n.a	n.a	n.a	n.a
ii) Cotton Lint		69.3	69.3	78.8	84.6	100	197.4	197.4	11.5	330	250	303	n.a	n.a	n.a	n.a	n.a	n.a	n.a
iii) Groundnuts		43.5	46.2	51.7	55.2	100	158.6	172.4	69.7	290	376.3	451.6	n.a	n.a	n.a	n.a	n.a	n.a	n.a
v) Palm Kernels		46	49.2	49.2	29.2	100	121	121	121.9	115.4	138.5	153.8	n.a	n.a	n.a	n.a	n.a	n.a	n.a
v) Palm Oil		39.7	37.3	37.3	41.2	100	129.9	129.9	144.6	174.9	221.7	243.8	n.a	n.a	n.a	n.a	n.a	n.a	n.a
4. INDUSTRIAL PRODUCTION																			
	(1972=100)																		
i) Manufacturing 2/		81	92.8	100	123	119.5	147.7	182.2	133.5	221.4	327.5	344.7	394.9	447	319	280.8	336.5	323.5	340.1
ii) Mining		58.9	85.6	100	112.6	123.4	97.8	113.4	114.5	103.6	126	113	78.5	70.3	67.3	75.9	81.6	79.8	72.1
iii) Utility (Electricity)		66.3	87.9	100	117.5	130	153.8	184.5	212.3	260.6	232.8	271.7	324.7	344.8	352.8	316.5	363.3	425.8	421.8

SOURCE: CENTRAL BANK OF NIGERIA:
 ECONOMIC AND FINANCIAL REVIEW
 VOL. 27 NO. 4
 DECEMBER 1989.

CHAPTER THREE

THE LARGE SCALE FARMING ACTIVITIES IN
PARTS OF OYI LOCAL GOVERNMENT AREA,
ANAMBRA STATE

ORIGIN AND ACTIVITIES OF THE LARGE SCALE FARMS

We had related earlier that the first stage of this study had involved a tour of a number of rural Local Government Areas in Anambra State. Attention was focused then on the existing conditions of land use in peasant communities in those Local Government Areas. We had observed then that for most of those communities visited, the peasant farmers had continued to till their individual holdings, producing food crops that were generally consumed by the household.

It was in the Ayamelum communities of OYI Local Government Area that we noticed a large number of large scale farms springing up in those communities. We discovered that the farms were not owned by the indigenes of the communities where the farms are situated. At this time also a number of conflicts involving the rural people were reported, in which, we were able to discover, the issue was disagreement over the establishment of the farms. A number of groups and individuals had gone to court to contest the take over of their farmlands following the establishment of the large scale farms.

We were initially at a loss as to why the large scale farms were mainly set up among the communities of Ayamelum in OYI Local Government Area. There were then a number of possible explanations advanced, reflecting various opinions. Some people who discussed the issue felt that the Ayamelum area was particularly fertile. Against such view however was the fact that fertile lands

abound in many parts of IKWO Local Government Area, and we did not find any such concentration of large scale farms in place of individual peasant holdings. There are also abundant fertile lands in parts of Aguata Local Government Area. Here however there were individual farmers who cultivated relatively large number of hectares. They were however indigenes of the communities where their farms are concentrated.

Some other opinions pointed to the fact that the indigenes of the Ayamelum communities were relatively uneducated and that some entrepreneurs could have cashed in on the state of ignorance, and have gone ahead to take the peoples farmlands through dishonest means. Again the problem of education is not peculiar to the Ayamelum people. Attainment of western education is not normally widespread in many of the farming communities in Anambra State. In fact the educational attainment of people in the Ikwo and Ishielu Local Government Areas is virtually the same with those of Ayamelum people, in relative terms.

There were also opinions to the effect that the owners of the large scale farms found the Ayamelum areas better accessible than the other farming communities. We had tended to accept this last opinion. A major tarred road passes through these Ayamelum communities, linking them to major towns in Anambra State, including Onitsha and Nsukka.

We had accepted therefore that the prevalence of the large scale farms can be explained by the rather infrastructural supply

which is markedly different from the situation in the other rural communities visited. It could be accepted however that the talk of abundance of land and relative soil fertility are instrumental to the prevalence, but such a position is acceptable only to the extent that it is also accepted that government provision of infrastructural facilities to the area is traceable to the fact of land abundance and soil fertility. It has to be recognized that public actions and investments have a strong effect on agriculture, and that in fact private investment accelerates with public investment.

Binswanger (1989:253) says that public infrastructure and services are targeted to better agroclimatic regions. We note though that the public investment could be in terms of infrastructure, or in terms of both infrastructure and actual agricultural production, as is the case with the Lower Anambra Irrigation Project also situated in the Ayamelum area.

3.1 ESTABLISHMENT OF THE FARMS:

As earlier related, the owners of the large scale farms are non-indigenes of the communities where the farms are situated. In order to secure the farmlands they had had to acquire the titles over the land.

Under the Nigerian Land Use Decree No. 6 of 1978, an individual enjoys a right of occupancy which may be statutory or customary according as it is granted by the Governor or by the Local Government (Sections 5(1)(a) and 6(1)(a). Oduniyi (in Igbozurike 1981:17) explains in details that:

the Local Government has power to grant customary rights of occupancy to any person or organization for the use of land for grazing purposes and such other purposes ancillary to agricultural purposes as may be customary in the Local Government Area concerned

The power entrusted to the Governor and the Local Government under this Decree is obviously enormous, and it is possible to see that a government that is mischievous could easily deprive holders of the right of occupancy such rights over the land. The potential of this decree in the direction of extending enormous powers over land to the Governor or the Local Government is recognized by Igbozurike (in Igbozurike, 1981:34) when he noted that among others a major implication of the decree is "the fact that by invoking the stipulations of the decree very substantial amounts of land can be readily provided for agricultural operations"

Information available indicate that following the establishment of the Lower Anambra Irrigation Project at Omor, and the payment of compensation for economic trees destroyed in the process, many communities in the Ayamelum areas instituted land committees to represent them in dealings with the officials of the Irrigation Project. The committees were given the mandate over the respective community lands. It is important to note that the committees operated at the level of the villages. Again, such an enormous power over the village lands entrusted to a few members of a village land committee was to create problems later. We found that many of the committee members

saw such mandate as opportunity to do what they like with the land.

Land speculators were to penetrate the rank of some of the committees and had lured them into various sale or lease agreements. The committee members were enriched in the process, but the speculators were able then to convince the Local Government, on the basis of such agreement, to issue them the right of occupancy, that is statutory right of occupancy. We found that it is when such rights have been issued and the ownership of the lands transferred that many of the villagers got to know of their sudden loss of title over their farmlands. The resultant feeling of loss and betrayal was instrumental to the number of troubles and court cases over land reported in parts of Ayamelum at a time.

The general pattern of reaction of the new holders of the right of occupancy over the farmlands, was to dish out money to village leaders who then acquiesced. At this time many villagers suddenly grew rich in Ayamelum. Quite a number of them bought cars and other expensive household goods.

Local Government whose important and highest officials at this time were appointed (not elected) also saw the opportunity to enrich themselves. They willingly issued rights of occupancy to the buyers of farmlands, in return for handsome rewards.

Generally a number of businessmen from outside the Ayamelum communities were able through the processes related above to acquire large pieces of farmlands. When the peasants and villagers

had protested, some of the businessmen had gone ahead to pacify them through monetary gifts. With the peasants pacified and the land transferred, the new large scale farmers set out to begin their farming operations.

3:2 ACTIVITIES OF THE LARGE SCALE FARMS:

In discussing the activities of the large-scale farms, we shall rely almost completely on the outcome of our observation of the situation on the ground. In this direction we shall deal with the farms one after the other. Our attention shall be focused mainly on two things, namely, the identification of the produce, and the process of disposing or use of the produce.

We start with the farms according to how their names appear in the alphabets.

AUSTIN FARMS ANAKU:

This farm was established in 1984, and is located at Anaku, on a rather swampy and very large expanse of land. The farm complex consists of a piggery, a poultry, fish ponds, as well as rice and maize fields.

Much of the grains produced here go into the animal production activities. We observed that the produce of the farm which are taken out of the farm for sale to the public are from the poultry and the piggery. These are sold as live/frozen chicken and pork at two sales points, one at Zik Avenue/Amokwe Street in Uwani Enugu, Anambra State, and the other at New Cemetery Road, Onitsha.

Officials of the farm who talked to us explain that the major preoccupation of the farm is animal production, the products of which are sold to general consumers.

GMO FARMS OMOR:

This farm is situated at Omor, by the Anambra River. The farm cultivates rice. There is no evidence to show that the rice produced is used as raw materials for any industry.

We observed that the operators of the farm do not use up the farmland acquired from the villagers. Consequently, the farm management operates a system of rentage of the farmlands to villagers on payment of rent.

Thus at the moment the farm is an ordinary business venture undertaken simply to yield money to the owners; from the sale of the produce and also the rent paid by the tenants on the land.

LIFE AGRO-TECH FARM ANAKU:

This farm which was established in 1987 is situated at Umuria village lands in Anaku. The farm is owned by LIFE BREWERIES COMPANY LTD., makers of LIFE BEER. The Brewery is located at Port Harcourt Street in Onitsha, Anambra State.

The farm cultivates maize, rice and Cassava.

We were informed by workers at the farm site that the grains they produce are sent to Onitsha and are used in the Brewery. We got to know on a visit at the Factory at Onitsha that following Governments ban on the importation of certain cereals used in the brewing industry, at the dawn of the

Structural Adjustment Programme (SAP), the LIFE Brewery Management had started to comply with the instruction by the Government that industries use local raw materials and substitutes in their manufacture. This according to our informants was responsible for the setting up of the farm. They also confirmed the produce from their farm at Anaku is actually brought to the Onitsha plant and are used in the factory.

OLYMPIC FARMS OMASI:

This farm is an affiliate of Olympic Group of Companies. Maize and rice are the crops cultivated here. Officials of the farm explained that the crops harvested are used as raw materials by one of the affiliate companies of the Olympic Groups namely Olympic Maize Milling Industry Ltd., Awka. This mill was incorporated and established in 1987. It is located at Agu-Awka Industrial Layout in Awka, Anambra State. The products of the mill include Topvita and Top-Semolina brands of milled grains, TopGrits, Maize Offal, Top floor and Lymco feeds.

The officials who talked to us at the factory at Awka confirm that the Omasi farm was set up essentially to contribute to the effort of the organization to procure their raw materials locally. They also confirm that the mill has attained a very high degree of local sourcing of raw material.

We learnt also from the reports of the officials that the products of the mill are used also as inputs in a brewery affiliated to the Olympic Group. The farm itself was established in 1986.

SICO:

This farm is located by the Onitsha-Nsukka highway, at Omasi. The farm was established in 1985. The produce of the farm include maize, rice, and cassava. The produce are sold to the public some of which include corporate customers such as the Olympic Farms. In other words the Olympic Farms also buy up some of what SICO Farms produce. We had already seen the nature of the operation of the Olympic Farms.

When we tried to find out whether the farm was established with a view to supplying to the Olympic Group, the operators of the Farm at the farm site said they got into the farming business not with any specific customer in mind. Rather they were mindful of the contribution which they hope to make in the quest to feed Nigerians from her internal and natural resources.

TEMPO FARMS:

This farm is located at Umueje. It was established in the year 1985. The farm produces rice.

The farm is a subsidiary of TEMPO MILLS Ltd., which is a milling plant and produces the TEMPOVITA brand of milled grains. The factory is located at Umunya on Kilometer 18, Onitsha-Enugu Expressway.

Workers of the Tempo Farms at Umueje who talked to us confirm that they produce for their mother factory at Umunya where the produce is processed. They also confirm that the farm was set up specifically to produce for the MILL at Umunya.

We were not able to find any other person(s) or organization that buys and or uses the produce of the farm. This led us to conclude that the farm produce solely for the TEMPO MILLS.

RANET FARM ANAKU:

This farm which was established in 1983 is located at Atava, Ikenga Village of Anaku. The crops cultivated are rice and maize. The farm also incorporates a palm and plantain plantation.

Operators of the farm say they sell the crops cultivated at the end of the harvest. They explained that they do not produce for any specific food processing factory. According to the workers talked to, some of their big customers are hotels, including the ROJENNY HOTEL at Oba in Idemili Local Government Area.

We were also informed that the owners of the farm do compound fish feeds from some of waste products of the farm such as the dried stems of rice and the husk, and use such fish feeds at a fish farm owned by the owners of the farm, and located at Oba in Idemili Local Government Area.

GENERAL OBSERVATION:

The preceding report reveals a number of positions. First of all, we are able to know that virtually all the farms cultivate one of two types of crops, or both. The crops are rice and maize. Secondly, the farms produce for a number of purposes. Some produce to sell and make money. For such farms, the produce is simply valued as commodities. On the other hand, some of the farms were set up as part of effort by some other

organizations to go for local substitutes for what they had hitherto imported. Then of course, there are those farms that are part of a complex set up to produce certain things using local inputs.

It is also clear now that many of the farms are affiliated ventures to some other large business organizations. Such affiliate farms are LIFE AGRO-TECH FARMS, OLYMPIC FARMS, GMO FARMS, TEMPO FARMS, and AUSTIN FARMS.

Obviously the manufacturing organisations which set up some of the farms are agro-allied industries. They have continued to use the produce from such farms as raw materials in their industries. This is in line with the purpose of setting up such farms which we were able to find out was to try to produce raw materials locally.

However, many of the farms, and in fact the majority of them, including SICO, RANET, and GMO were not specifically set up to produce raw materials for any industry. This situation prevents a conclusion that all the farms were set up to produce local inputs for manufacturing industries. The fact however that some of the farms produce for industries, again prevents us from concluding that the farms were not set up to produce raw materials in the attempt at local sourcing of raw materials, in line with the industrial raw materials policy.

We were able to go further in the direction of determining the actual uses of the produce by those organizations where the

grains produced serve as raw materials. We observed that both the Breweries and the Grains Milling Industries are all connected with the brewing of one brand of drink or the other.

Essentially in the brewing industry, malted barley had been the principal raw material, especially for beer making. However at the moment the Government of Nigeria had stopped the importation of barley which incidentally is not substantially produced in Nigeria. The result was that most brewing concerns have to look for local substitutes. We observed that at the time of the ban of the importation of barley especially following the introduction of the Structural Adjustment Programme, that many of the brewing concerns had large quantities of barley which they had imported already.

What the breweries did was to begin to introduce local substitutes such as rice, maize, sugar, and other carbohydrate yielding food including cassava in the malting process. Such food substances used are called adjuncts, and many of the breweries used this set of local adjuncts mixed with the barley they had stored up. A brewery could thus use 70 per cent barley and 30 per cent maize as adjuncts.

The adjuncts yield sugar on which enzymes feeds to produce alcohol (ethanol), and carbon dioxide, in the presence of little oxygen.

The spent grain can be used to formulate animal concentrate, when the liquid component (sugar) must have been removed.

Yeast (micro-organism) is introduced into the liquid (sugar) to produce the alcohol and carbon dioxide.

The carbohydrate-based grains are milled either by the brewery itself or a separate milling factory. A maize mill could send its product (milled grains) to a brewery and this is what obtains in the case of OLYMPIC MAIZE MILLING INDUSTRY. Also a brewery could arrange to process its own grains within its brewery complex. The Olympic Mill do sell its processed grains as food, but it also provides inputs for a brewery and member of the Olympic Group which produces a brand of beer called CANON LAGER.

As far as our first hypothesis is concerned, we have no reason to reject that hypothesis since we have found that the owners of the farms (some of them though) had set them up to produce for manufacturing industries and that in this case the manufacturing industry namely GRAIN MILLS and BREWERIES actually take up the produce of such farms and use them in their factories.

CHAPTER FOUR

THE PEASANTS AND THE LARGE SCALE FARMING ACTIVITIES

What we have done was to take a sample of villagers (peasants) who were interviewed with a view to finding out from them how they are affected by the activities of the large scale farms. We had actually studied the peasants with respect to specific communities and so our report here would be done first in respect of each community and then the total study will be **discussed.**

As earlier indicated, the interview of the peasants was carried out by assistants who were working with interview schedule which is shown in Appendix A. The interviews were conducted between 20th January and 10th March, 1991. The interview was conducted simultaneously in the four communities during the same period. We now present the report community by community.

ANAKU

We had planned to interview 234 persons here in accordance with the measure of our sample. Our research assistants drawn from school the senior secondary/at Omor were able to talk to 206 persons.

In line with the instruction given to the assistants, they had emphasized Questions 10, 12, 14 and 15 of the interview schedule, in respect of hypothesis 2; and Questions 16, 17, 18 and 19 in respect of hypothesis 3. The interviewees were to report specifically in terms of YES or NO to question 11, and to question 12, they would say the source of income of those perceived to have been displaced.

From the report submitted by the interviewers, opinions were divided on the various answers to the questions posed. While some have confirmed that many of the peasants had worked on the lands now taken up by the large scale farms, others say their farmlands were not part of the areas taken up. Some others report that even though they had moved to new farm sites (some migrated to Bendel State) it was not because of loss of farmlands.

We obtained the following facts and figures.

174 persons out of the 206 persons interviewed are agreed that the land taken up by the large scale farms were once used by them and that they no longer use such farmlands even though they would wish to continue to use the farm spaces. They had had to move to other areas; and they therefore represent the displaced. Of the 174 persons who thus confirm displacement, we found that 110 persons agree that the land they have and use now is too small (inadequate) for their farming activities. This number report engaging in wage labour to supplement their income. Many of them report working for wage in some of the large scale farms.

In response to the questions relating to hypothesis 3, the following figures were obtained. In answer to question 18, 150 persons say that there has been a change in the source of their staple since the establishment of the large scale farms. On question 19, most of this 150 interviewees say they largely purchase maize (the staple) now, as against producing them themselves. Many of them report making the purchases from the

operators of the large scale farms. About 116 attribute this to shortage of farmlands.

From the responses, we observe that many of the interviewees who claim to have been displaced are of the Atava and Umuezechi sections of Ikenga village of Anaku. The other displaced persons come mainly from Akamanator and Umuria-Enu both in Umuria village.

OMASI

For Omasi our sampling plan provides for 252 persons to be interviewed. Our research assistants report however that in many cases getting 6 persons in an age grade in a village was like taking not a sample but every person in the age grade in that village. The community is indeed a very small one.

In all, the assistants led by a student of the College of Education, Eha-Amufu, Anambra State, were able to talk to 186 persons in Omasi. Many of the age grades (given the small population of Omasi community) did not have the projected 18 members in the community.

98 persons reported that the large scale farms in Omasi took up farmlands which they the villagers had been using before. The rest of the respondents say they have enough land now to farm in spite of the presence of the large scale farms. Most of those who reported displaced say however that they are still able to find lands to cultivate for themselves and are not now totally dependent on wage labour.

As regards the supply of staple (which is also maize), of the 186 persons, 120 persons report that they still produce

enough maize for their household and even sell to buyers from neighbouring communities. They maintain however that in times past they had produced more maize than they do produce now, although it is not possible to attribute such a development to the establishment of the large scale farms.

Only 66 persons report buying their maize in their local markets at times and 12 attribute this to loss of farmland.

OMOR

In Omor we were able to interview 194 persons out of the projected 224 persons. Of this number 40 persons make the claim that the GMO farm here was set up on lands which they the villagers had hitherto used for farming. The rest of the people interviewed say the GMO farm is not located on their farming areas.

Of the 40 persons thus displaced by GMO Farms 32 claim that they engage in regular wage labour to make ends meet because it is not easy to secure permanent land to farm as land was generally scarce in the community.

What we found here was that there is scarcity of farmlands for the cultivation of maize the staple here, and this scarcity is not caused by the presence of the GMO Farm but by the operation of the Lower Anambra Irrigation Project at Omor, which takes up thousands of hectares of agricultural land which are all used for the cultivation of rice. Incidentally rice is not the staple here.

165 persons among the respondents are agreed that there has been a change in the source of their staple in the 1980s. According to them, they now hardly procure their staple locally. Most people purchase maize brought from Oba in Isi-Uzo Local Government Area of Anambra State.

Our observation in the case of Omor is that most of those who report displacement following the establishment of the GMO Farm, are from Akanator village. The other persons who report displacement associate their condition not to the establishment of the GMO Farm, but to the presence of the Lower Anambra Irrigation Project. Also the people who report shortage in the supply of the staple hardly associate this to the establishment of the GMO Farm. Only 15 persons do. We are thus compelled to accept that the loss of land and the fall in supply of staple in Omor are factors of the establishment not essentially of privately owned large scale farms but the Lower Anambra Irrigation Project there.

UMUEJE

At Umueje, we had planned to interview 198 persons representing 9 persons in each age grade in each of the villages in that community. Our interview assistants were however able to talk to only 160 persons.

136 persons out of the 160 say that the lands taken up by the large scale farms were areas they had farmed on before. This number thus represent the displaced. Of this number 84 persons agree that they now farm on borrowed lands and also work for wage in other people's farms.

Among the 84 persons who are generally agreed on not depending wholly on their own farmlands for their work, there are various sources of income reported. 20 persons say they are employed on full time basis by the large scale farms. 13 say they are now resident farmers in "midwest" a term used by the people to refer to some agricultural areas in Bendel State (formally Midwestern State of Nigeria).

We observed that many of the interviewees, particularly those who report loss of farm land, are rather very bitter over their loss which they blame on some of their community leaders.

As regards the procurement of their staple which is maize, 96 persons out of the 160 interviewees say that in the past they were not buying maize, but that now they do buy maize from traders who bring in such maize from Oba in Isi-Uzo Local Government Area. 78 of them attribute this to scarcity of farmlands.

GENERAL REPORT:

In the test of hypothesis 2, the following figures emerged from the combined reports of all the four communities.

At Anaku, 174 persons report being displaced by the establishment of the large scale farms. However only 110 of this people agree that they do not have enough farmlands of their own now, and are therefore involved in wage labour as part of their mode of survival.

At Omasi 98 persons were displaced in any way by the establishment of the large scale farms, but this people do

not report any reasonable measure of dependence on wage labour.

At Omor only 40 persons out of those interviewed report that they were displaced by a large scale farm set up in that community. Again only 32 persons report any dependence on wage labour as a result.

At Umueje 136 persons report displacement with the coming of the large scale farms. 84 of them agree they rely heavily on wage labour for their survival.

From the four communities, we had talked to a total of 746 persons. Let us restate here that part of what we did was to enter the relevant responses on our interview schedule and tick in the appropriate view as each interviewee responds. Of the 746 persons 448, that is 60 per cent report being displaced in the first place by the establishment of the large scale farms (privately owned large scale farms). However only 226, that is 30.3 per cent of those interviewed, report a dependence on wage labour for survival.

From the foregoing, it appears that we are not able to confirm our hypothesis 2 because even though a simple majority of the total number of people interviewed is 60 per cent report being displaced by the presence of the large scale farms, only a fraction of this number ie a little over 30 per cent accept that they now work for wage labour, or on rented lands.

In respect of hypothesis 3, the following comprehensive observation was effected.

At Anaku 150 persons agree that there has been a change in the source of their staple crops since the establishment of the large scale farms, in the direction of increased purchases rather than local production. 116 attribute this to shortage of farmlands.

At Omasi only 66 persons report purchasing their maize in the local market sometimes. 12 say it is because of loss of farmland.

At Omor 165 persons report a change in the source of their staple in the 1980s, although they do associate this to the establishment of the Lower Anambra Irrigation Project rather than to the establishment of the one private large scale farm in the community. Only 15 associate the change to loss of farmland occasioned by the establishment of GNO FARMS, OMOR.

At Umueje, 96 persons agree that they now purchase their staple as against producing them themselves which was the case before the establishment of the large scale farms. 78 of them hold that the large scale farms are responsible for their plight.

In all we are compelled again to refuse to confirm hypothesis 3 for the following reasons:

Although a total of 477 out of the 746 persons interviewed in all report a resort to purchase of their staple rather than cultivating it themselves, only 221 attribute this development

to their inability to find enough farmlands to grow their food crops. Thus, although a majority of the respondents that is 477 persons or 64 per cent of the total number of respondents report a resort to purchasing of their staple rather than producing, only a minority, that is 221 persons or 29.6 per cent of the total number of respondents attribute the condition or situation to land hunger caused by the establishment of the large scale farms.

Since therefore our hypothesis 3 demands confirmation only when simple majority of the peasants report inability to produce enough of their staple due to scarcity of farmlands engendered by the establishment of the private large scale farms, and from our findings only 29.6 per cent, ie less than majority say so, then we could not confirm the hypothesis. We therefore reject hypothesis 3.

COMMUNITY	NUMBER INTERVIEWED	NUMBER DISPLACED BY LARGE SCALE FARM	NUMBER DISPLACED AND IN WAGE LABOUR	TOTAL
ANAKU	206	174	110	
OMASI	186	98	-	
OMOR	194	40	32	
UMUEJE	160	136	84	
TOTAL	746	448	226	

COMMUNITY	NUMBER INTERVIEWED	THOSE WHO PURCHASE STAPLE	THOSE WHO PURCHASE STAPLE AS A RESULT OF SCARCITY OF FARMLAND
ANAKU	206	150	116
OMASI	186	66	12
OMOR	194	165	15
UMUEJE	160	96	78
TOTAL	746	477	221

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CHAPTER FIVE
CONCLUSIONS

At this juncture it cannot be gainsaid that this study is first and foremost an attempt to look into some aspects of Nigeria's industrial policy of the 1980s. In this direction we recognise the steps in the evaluation of a given policy. Such steps include; (Adamolekun, 1983: 154)

- (a) identifying the policy
- (b) identifying the output of policy
- (c) measuring the output
- (d) comparing output to desired result
- (e) accounting for inadequacies if any, and advancing solutions.

In this study we have tried in our little way to identify the output (manifestation or outcome) of a given policy, namely Nigeria's Industrial Raw Materials Policy.

Beyond the foregoing, certain important observations have been recorded. They include those relating to the various hypotheses we had put forward and which had patterned the totality of the research effort here. However, other important observations have been made as well.

First, we have seen that Nigeria's industrial sector had faced a major problem of low capacity utilization as a result of scarcity of the needed raw materials; and that this raw materials scarcity is a result of the problem facing the country

and involving the shortage of foreign exchange for the importation of the raw materials. We did also see the reason behind the shortage of foreign exchange. We have observed that given the need to import raw materials at a time of shortage of funds for such importation, industries had had to look inwards as it were, if they wish to survive. This meant a movement in the direction of local sourcing of the raw materials.

With respect to our study here, it is noted that the industries which are essentially agro-allied had to secure farmlands, and the process of securing such farmlands had been facilitated by certain realities of both the Nigerian society at large and the specific communities under study. Eventually the farms were set up and their activities have been observed to go to support our first hypothesis, to the effect that the *raison d'être* of such farms was the production of raw materials for some agro-allied industries. Although not all the farms carried out activities that fall in line with this hypothesis (1), we are able to see some of the farms and very serious ones for that matter, actually organized in conformity with the lines of our first hypothesis.

With respect to the second hypothesis, we have also made an important observation. Although we are not able to confirm this hypothesis, we still maintain that the fact that there are many people who accept that they had been displaced by the large scale farms and had consequently been pushed into

wage labour, in itself provides vital clarifications.

As to the third and final hypothesis, we also feel we have provided important clarifications despite the fact that we are not able to confirm this hypothesis. The point is that when an hypothesis has been put to test, its confirmation and non-confirmation represent merely two sides of the same coin. Knowledge has been gained in each case.

We wish to restate that the establishment of the large scale farms and their activities have had impact on the economic conditions of the peasants in the affected communities, and that as such the emergence and activities of the farms have provided the dynamics of change in land use in the communities involved. Furthermore the dynamics and what they represent are traceable to the provisions of Nigeria's Industrial Raw Materials Policy in the period.

Beyond the observations connected with our hypotheses, we note that certain positions maintained in a number of scholarly works are capable of being associated with some of the observations we have made already. It is also possible for us, in view of such possible associations to put forward some expectations in the conditions of the communities we have studied. We present briefly some of the similarities and expectations.

In line with the view of Robey and Jenkins (1982:566) to the effect that the explanatory power of economic indicators holds up over time when examining policy variations, we think

that we have endeavoured here to show the relationship between economic indicators and policy options, in at least showing the link between the economic realities in Nigeria at a time and the industrial policy formulated subsequently. See chapter two.

The displacement of some of the peasants following the establishment of large scale farms sounds similar to the view of Baker (1982:601) concerning the GRADUAL collapse of peasants' resistance against being subordinated to the logic of the market. Barker sees peasants involvement in wage labour as a manifestation of the gradual collapse of peasants resistance after perhaps a period when they had successfully resisted such a subordination. In the same direction we are willing to think in the line of Mueller (1982:617) that the small-holder agricultural production is a relatively intermittent and unstable phenomenon in the face of a developing capitalist economy.

We had observed that the process of acquiring peasant farmlands was facilitated by certain instruments serving the ruling capitalist class, for example the Nigerian Land Use Decree. This process reflects what Baylies (1982:235) observed concerning the relation of the state to indigenous capital, and how the state serves an interest that may not be that of all social groups or classes. See also Keegan (1985:375) and Bernal (1988:89 - 108).

POSSIBLE DEVELOPMENTS IN THE FUTURE:

We can, in line with Omer (1985) project an outcome of the current displacement of the peasants we have studied, in the direction of a transition from subsistence to a commercial economy due principally to increasing investment in agriculture by the owners of large scale farms and other rural capitalists or entrepreneur, leading ultimately to even more intensive use of technology and wage labour. This may follow the subordination of former institutions of collective ownership in land and communal labour, both based on kinship, to new formations based on more individual and commercial relations.

Obviously, certain benefits would be lost to the peasants, and that is the positive trends in farm investment and land improvement, which accompanies land ownership security. (The peasants are losing their lands). Feder and Onchan (1985) have made the point that ownership enhances capital formation by providing better incentives and improved access to credit. Perhaps these benefits would accrue to the owners of the large scale farms instead.

The emerging situation in the communities under study (namely the displacement) would call for, in the future, a programme of land reform as we find in many Latin American societies (Wynia, 1978:18). If we accept Governments' awareness of the rather indispensability of the peasant sector in the

developing societies (Singh, 1989), then we can appreciate the enormity of the problem that would crop up.

Some of the recent developments on the peasant locations we have studied are known to have occurred in other settings, although they had actually not been linked with industrial raw materials policy. Wynia (1978) had indicated in the case of some Latin American societies the following situations:

- (a) buyers of land turn round later to sell them back to peasants. The GMO Farm at Omor already rents out the farmlands, it had bought from peasants to peasants now.
- (b) buyers of land employ the peasants to work for wage on the bigger farms. Virtually all the large scale farms we have identified are involved in this kind of practice.
- (c) Buyers of land extract labour or tribute from the peasants in exchange for the use of the land, as in the case of the GMO Farm noted above.
- (d) The landed men use their positions to generate wealth, social prestige, and political power in the peasant communities.

It is possible that when the above conditions get entrenched in the communities we have studied, there may result social conflict and crisis especially when peasant labour supply would surpass the labour requirements of the large scale farmers who would tend to employ more technology than labour. We may also expect continuing food shortages especially as the large scale

farms may not produce crops that go into the peasants staple. We have already shown that some of the farms produce for industries and not the peasant consumers. Other possible developments in this direction include migration by some peasants away from agricultural activities; as well as the individualization of the economic activities of the villagers and possible subsequent collapse of the peasant household as a unit of production and consumption.

We maintain that there is strong tendency towards a view that a projected shortage of land in the communities we have studied would be due more to land use and modes of production and less a matter of physical land availability, as was the case among the Kikuyu of Kenya in the beginning of this century (Overton, 1988:116). We would also expect as Overton found, certain economic and political changes, in terms of say gradual development of (settler) agriculture, where the settler in this case are non-indigenous owners of large scale farms, and then possible imposition of state controls to mediate economic relations between the non-indigenes and the indigenous peasants.

Finally, we would expect an increasing importance of new entrants into the lands as labourers and squatters: people who had no prior occupancy rights over the land, especially non-indigenous farm labourers.

THE DEPENDENCY IMPLICATIONS:

The dependency theory is able to show that many national economic policies in the dependent nations are usually designed in reaction to conditions brought to focus in these countries by the status of dependency. Among many scholars who have restated this position are Offiong (1980:73), Etteng in Nnoli (1981:237), Ake (1981:55); and Nwoke in Akindede and Ate (eds) (1988).

Current economic policies in Nigeria as in most Third World countries are also easily understood within the context of the relationship between such Third World Countries and the advanced capitalist countries of North America and Western Europe. The economic measures within which the prevailing industrial policies in Nigeria are located are no doubt reactions to the dynamics of the world economic system dominated and directed by the advanced countries, and to which Nigeria relates as more or less a dependent nation.¹

Okongwu (1986) also discusses the nature of the Nigerian domestic economy and how the situation reflects the changes and movements in the world economic system.

The foregoing maintains the position that the Nigeria's economic downturn of the 1980s is rooted in the dependency status of the country. Having earlier on noted that the industrial policy we have discussed was articulated based on

an assessment of the downturn and subsequent crisis in the Nigerian economy, we can now posit that any events or incidents or activities that relate to the industrial policy would invariably be seen as relating to something resulting from the dependency syndrome. To this extent we can appreciate the foundation of our findings in this work.

We have observed in the report here that peasants were displaced from their farmland as a result of the establishment of large scale farms which had been established in reaction to the demands of the industrial policy; and that the displacement itself had led to difficulties in the procurement of local staples on the part of the peasants. We can therefore note that both the displacement and the relative difficulty in the procurement of local staples have come about at a stage in the process of manifestation of the dependency problem given the fact that the industrial raw materials policy which led to activities that in turn led to the two issues, is itself an outcome of dependency. The social relationship implicit in the foregoing is undeniably complex; but it is still possible to determine the nature of that relationship.

First and foremost, the basic relationships here are not symmetrical ones. They are asymmetrical, in which we have one way relationships between the variables. We have the following variables in place: Dependency, Industrial Raw Materials Policy,

the Large Scale Farms, Displacement of Peasants, and the supply of local staples. When we look at the link between the variables as our research findings have shown, we observe something in the nature of the following:

The supply of local staples from local and traditional sources falls due to the displacement of the peasant farmers from their farmlands. But the peasants are displaced by the establishment of large scale farms in lands hitherto used by the peasants. The large scale farms on their part were set up to produce crops used as raw materials by some manufacturing companies. The users of the raw materials are getting involved in this farms because the economic managers of Nigeria are upholding a policy which encourages and compels industries to source their raw materials locally. The actions of the economic managers stem from their appreciation of the economic realities of Nigeria at the point in time. We have already shown that that reality is brought about by the fact of Nigeria's dependent status. The picture thus illustrates the nature of the links between the variables we are dealing with. To a large extent also the position of the phenomena of dependency in our analysis is illuminated thereby.

RECOMMENDATIONS:

It is perhaps appropriate to begin this section of the report by expressing reservations about a recommendation made by Nwala in his study earlier referred to in this study. He had asked that, in order to assist backward integration, that acquisition of land and documentation of legal titles to land should be simplified. In the light of the problems now confronting the peasants in the communities we have studied, we think that such a recommendation does not recognise the position of those already on the land.

We shall rather recommend that industrial organizations seeking to use the land in their backward integration programme, must assure the Local Government in the areas to be affected that the land to be used by the organizations is not being used by the peasants. We suggest in addition that certain quantity (may be projected) of land must be reserved for the peasants in the area; above which private entrepreneurs could be allowed to acquire. Such projection and reservations could be arranged by the State Ministry of Lands and Survey. The amount of land to be reserved should be determined based on the size of the community concerned.

There is a need to find a way whereby peasants' control over the land can be maintained while they are made to also contribute to the aspiration of the industries. In this direction, the title over land granted to industrial organizations

should be of such a short duration that the peasants can regain control after say a six year renewable lease. The present system of 99 year lease has become unacceptable.

It is our view also that the Government can effect concrete measures to see that cooperative organizations are set up in peasant locations. An industrial organization wishing to benefit from agriculture could be compelled by Government to make use of only peasant cooperatives in the supply of agro-based raw materials. Such peasant cooperatives would be able to produce in such quantities as are demanded by the industrial organization (with the technical support of such industrial organization) while at the same time retaining control of the land.

The idea is to prevent the displacement of the peasants from the lands because the large scale farms cannot offer regular and permanent employment to displaced peasants; and peasants cannot be dispensed with at this time in this country. Policy makers must take into consideration this fact of the capability of industrial policies to lead to rural economic dislocation.

NOTES

1. See FINANCE AND DEVELOPMENT: A quarterly Publication of the International Monetary Fund and the World Bank, for the months of March, June, September and December 1990.

In the publications, the experts look at the ways the third world problems of debts and under-development could be solved. There is a general understanding that the third world relates as dependent entities to the advanced countries. We see here how various third world countries are trying to react to the world economic situation.

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APPENDIX A.

Introduction:

The interviewer is a student who is carrying out a research on the process of rural development. He is interested in knowing how the rural people are involved and affected in the process.

The outcome of the research will not have any negative impact on the life of the rural people, or on you the interviewee.

You are therefore being requested to give honest answers to the questions.

Thank you.

1. What do you do for a living?
 Farming; Trading; Fishing; Others
2. If any indigene of your village here wishes to farm, is he able to farm on any free portion of land?
 Yes No.
3. If no, explain:
.....
.....
4. Do you think that your village is endowed with abundant land resources?
.....
.....
.....
5. Do you have a land committee in your community here?
.....
.....
.....
6. What specific responsibilities over land are entrusted to the members of the land committee in your area?
.....
.....
.....

7. Is the sale/lease of land one of such responsibilities?

.....
.....
.....

8. Has your village land committee been involved in any sale of land in recent times?

.....
.....
.....

9. Who were the people who bought or leased the land from your people?

.....
.....

10. What use were those portions of land now sold/leased being put to prior to the sale/lease?

.....
.....
.....

11. Were there some of your villagers farming on the lands before they were sold/leased out?

.....
.....
.....

12. If anybody (including you) was using the land for farming prior to the sale/lease, what are those people now doing to earn their living?

.....
.....
.....

13. Do you know what the people who bought your lands, are doing with such land now?

.....
.....
.....

14. As a farmer, can you say now that you still have enough farmland to work on?

.....
.....
.....

15. If no is your answer, where do you work when you finish working your farm space?

.....
.....
.....

16. What is the major staple food of the people in this village?

.....
.....
.....

17. How do the villagers normally produce such staples?

.....
.....
.....

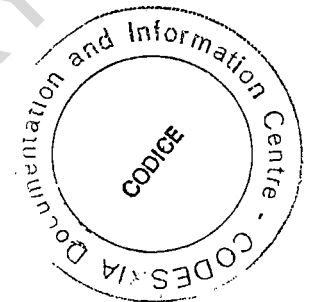
18. Do you think there has been a change in the source of this staple since your people sold/leased out some of your farm lands? Yes No.

19. If yes, how do your people now procure the staple?

.....
.....
.....

20. Do you think it is cheaper and easier to procure the staple from the new source than from the farmer source?

.....
.....
.....



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21. Do you think that things are better for your people now than they were before your people sold/leased out your lands?

.....
.....
.....

22. Would you recommend sale or lease of land to anybody who wishes to see development in his village?

.....
.....
.....

THANK YOU

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