

MIDDLEMEN, CONSULTANTS, CONTRACTORS AND THE  
SOLUTIONS TO THE CURRENT ECONOMIC CRISIS.

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This country is suffering from the worst economic crisis in its history. The military coup of 31st December 1983, which overthrew the Shagari regime, has not changed this harsh fact of our existence whether we like to recognise it, or not. It has only opened up some possibilities of our moving towards its solutions.

So we should not allow ourselves to forget the fact that we are still right in the middle of our worst economic crisis. This is what the people of this country have to face up to, in a very serious and systematic way. We should not allow the thrill and natural relief, at the overthrow of a corrupt, treasonable, repressive, and criminal, regime to obscure, even for a moment, this hard reality.

The high prices of foodstuff and other essential commodities may be brought down. Arrears of salaries and allowances may be paid-up, and their regular payments may soon be resumed. Basic public services in schools, hospitals, power stations and post offices may be restored. The ostentations,



and vulgar, Shagari Style of dressing in expensive, imported, jewellery and shoes; and riding in even more expensive imported limousines, private jet planes and yachts, may disappear, at least from the public view. But all these improvements of the situation of the country would not, by themselves, amount to a solution of the economic crisis.

These improvements can easily be temporary, and cosmetic, before an intensification of the economic hardships resumes again, as the entrenched domestic and external forces, whose activities caused this crisis, in the first place, re-assert themselves. When this happens, the economy will return to square one, or even to square zero, or beyond, with all the inevitable recriminations, confusion, demoralisation, disruption, repression and deepening external manipulation and subservience.

We should be in no doubt that this regression to square zero can happen even within the next one year. This is because these oppressive and exploitative forces, which almost brought this country to its knees, turning it into, "a debtor and beggar nation", with all our massive human and natural resources, are very powerful. These economic and political forces are much more than Shehu Shagari, Alex Ekwueme, Adisco Akinloye, Bell Maitama, Joseph Wayas, Umaru Dikko, Sunday



Adewusi, or Isiaku Ibrahim; much as these, and the other rulers of the federal and state governments, just overthrown, embodied and symbolised their most naked and crude expression, in the period 1979-1983.

It would, therefore, be really dangerous to the people of this country to close their eyes to two facts. The first one is that we are still in the middle of the worst economic crisis in our history. The second one is that there is a fundamental difference between the appearance of anything and its essence, and this applies to the economic crisis. Every farmer knows that you do not remove any important farm weed by merely hoeing it away from the top of the soil. To deal with it, you have to dig it up from its roots, remove it, and throw it away from the crops you are growing. This is also a basic truth for society and it applies to the current economic crisis. We have to face it squarely. But in order to do so, we have to identify, correctly, both the appearance and essence of this crisis.

#### The Scale of the Crisis.

The nature of this economic crisis is very obvious to the great majority of the people of this country. They know it, very well, in their empty hands, empty days, empty pockets, empty pots and empty stomachs. They know it, in the raw reality of thirst, hunger and unemployment. What most



people do not, probably realise, is its scale.

Not everybody, for example, knows that in spite of the billions of naira spent on the Green Revolution Programme and the river basin authorities, the total production of most food crops did not rise at all. Where there was a rise, as in the case of maize, it was in replacement of other crops; and therefore this was used to justify a food import bill which rose from ₦818.8 million in 1979 to ₦1.16 billion in 1980 to ₦1.86 billion in the first nine months of 1981. This was a rise of food imports of over 100%, in less than 3 years, in a country endowed with rich agricultural resources, most of whose people are farmers, and whose governments had spent over ₦1.00 billion ostensibly to boost food production! Even with the maize, the domestic production is said to be, at 150,000 tonnes, only one-sixth of the estimated amount needed to feed the 41 million head of poultry in the country; besides the amount needed for direct human consumption.

The scale of the crisis is even more marked with a crop like cotton, where the actual decline in production has been estimated in specific terms. The domestic production of cotton, an essential raw material, for one of our largest industries, producing an essential commodity, fell from 206,000 bales in 1979, to 185,000 bales in 1980, down to



160,000 bales in 1981; a fall of 20% in an old-established cotton-producing country, whose government claimed to be giving agriculture, and local industries, the highest priority.

Many people are aware that well over 50% of the factories in the country closed down, and the rest were grinding to a halt, working part-time, with the exception of the breweries, cigarette and soft-drink plants. But what many people are not aware of is that at the Aladja Steel Mill, built at the cost of ₦1.6 billion, three out of the four furnaces had ceased to function by March 1983. This was taking place under a regime which had created a Ministry of Steel and whose head of state spent a lot of time in expensive ceremonies connected with steel plants. This, apparently paradoxical, situation of industries failing to start, or collapsing, after, or while, absorbing large amounts of public, capital, investment, is well illustrated on a smaller scale with a burnt brick factory. According to Bukur Zarma of the New Nigerian (NN, 24/10/83) this factory built by the Niger State Government at the cost of ₦7.0 million is covered with weeds because the government, which spent all that money to build it, refused to patronise its products! As in so many such cases, the major interest of those running the government, their domestic partners



and foreign masters, ends with the expenditure on importing the machinery, paying the contractors building the factory, and if possible, commissioning it, in a well-publicised and expensive commissioning ceremony. This applies whether it is built with public capital investment or comes under the cover of private sector investment.

In the crucial area of the production of energy the situation is equally serious, if not worse. It has direct bearing on the high-cost of industrial production and the collapse of industries. Billions of naira, for example, have been sunk and committed to contracts for new electric power plants, but right now at the Kainji Hydro-electric Dam, only the construction of eight out of the twelve turbines has been completed, and some of the eight turbines are not in working order, due to the failure to provide spare parts. As the senior Staff Association of Statutory Corporations and Government owned companies pointed out, late last December, only about 25% of the installed electric power generating capacity of 2,342 megawatts is being utilised! This production of only 600 megawatts is below the 700 mega-watts required by the Lagos area alone. The consequent, nation-wide power cuts had led to an estimated, N750.00 million per annum being spent by 650 companies for the purchase and maintenance of electric generating equipment; with another



₦36.00 million spent on the importation of voltage stabilisers alone. All this taken place in a situation where federal, and state governments and other public institutions refuse to pay the Nigerian Electric Power Authority (NEPA) the lionshare of a bill of about ₦500 million!

The situation is equally disastrous in the crucial sector of communications. In April 1983, for example, the co-axial telecommunication system broke down. Later, in August, the micro-wave system also broke down. This micro-wave system was commissioned in 1981 by the former president and had cost this country ₦83.00 million. These are yet to be restored.

This collapse of key areas of telecommunications extended to the postal services, where the educational system, already in a very bad shape, is being dragged down with it, through the post offices defaulting on the payment of postal orders amounting to ₦9.00 million for the WAEC and ₦3.5 million to JAMB, by October 1983. Some of this money paid for by students and their parents for examinations <sup>was</sup> said to have been used to pay the salaries of the post and telecommunications department staff, by a government which in the 1983 budget reduced the allocation for P and T by 22%, while raising that for General Administration by 40% and for Abuja by 33.6%! This is a post and telecommunications department which has an outstanding bill of about ₦120.00 million, most of it against the federal and state governments.

These developments were all taking place in the context of the government's failure to even collect the large amounts of revenue due to it from businessmen it had favoured with import licenses. In 1982 alone, it has estimated that 625 of the firms which collected import licenses and used them, at least to take out foreign exchange,



refused to pay import duties of up to ₦1.00 billion.

In the context of such systematic subordination, exploitation, disruption and deliberate sabotage of the economic foundations of the country, by those ruling it, their domestic partners and foreign masters, the large-scale fire conflagrations in strategic buildings is not surprising. It has been estimated that even before the burning of NECOM House in January 1983 which cost the nation several hundred of millions of naira, and lives lost, fire had destroyed property (insured) worth about ₦200.00 million between June 1981 and December 1982.

#### The Oil Smokescreen.

These figures cover only a few aspects of some key sectors of the economy which have become public knowledge. They are only the very tip of the iceberg. But they serve to illustrate the scale of this crisis without even bringing in the major areas of, massive unemployment, a high rate of inflation, the collapse of essential public services, indebtedness, and the lack of payment of wages, salaries and allowances, which are much better known.

The Shagari regime tried to excuse all these as the inevitable consequences of a world economic recession and its accompanying world oil glut; and even the major parties opposed to the NPN bought this excuse and sold it. Although they accused Shagari of mismanagement, they never went



beyond the basic premises of his position and they ended up raising the misleading, and diversionary, issue of our membership of OPEC, as a prominent factor in explaining the crisis.

In his 1984 budget speech on Thursday, 29th December 1983, the former president went out of his way to place a special emphasis on the economic recession and the oil glut, as the key factors causing the current economic crisis. He said:

"The effects of this world-wide economic depression on the economies of developed and developing nations alike have been very devastating. This has resulted in low, or negative, growth of output and employment in the industrialised nations with corresponding fall in demand for raw materials, which constitute the major items of foreign exchange earnings of the developing countries. This unhappy situation has led to financial crisis in most countries of the developing world... Global economic recession has now forced the industrialised countries of the world to resort to energy conservation as a matter of policy thus decreasing their demand for oil".

But the former president was being less than honest, even when addressing the "landslide" National Assembly in which his party had an overwhelming majority. For, about one year and nine months ago, on Monday 19th April 1982, when he addressed the emergency joint session of the National Assembly and got the Economic Stabilisation (Temporary Provision) Act of 1982 passed at jet-speed, he had admitted that there was "a more serious" internal cause for the crisis, as far as Nigeria was concerned. He said:



"Since government depended on oil revenue for 83% of its expenditure, the decline of the oil sector has had various impacts on our domestic finance....

....Apart from the impact of the decline in oil production, more serious damage had been done by high rates of importation and foreign exchange disbursement which was sustained throughout 1981 and has continued into the first quarter of 1982 (my emphasis).

The new military regime has clearly questioned the former regime's special emphasis on these external factors. On Wednesday, 4th January 1984, Major-General Buhari, the head of the new federal military government, said, in an address to the diplomatic corps in Lagos that:

"The economic plight of the country arising in part from the global economic recession but greatly accentuated by mismanagement and rampant corruption of the dismissed administrations could not have escaped your notice.... The ordinary Nigerian who certainly has the fundamental right to live in dignity had become enslaved by a handful of Nigerians whose main interest was only to perpetuate themselves in office at any cost, but also to share among themselves the wealth of the country while the ordinary man wallowed deeper and deeper in misery".

On Thursday, 5th January 1984, Major-General Buhari told a world press conference that:

"The otherwise bouyant economy of the first two fiscal years 1979/80 and 1980 was allowed to run down through mismanagement not only was there an inadequate response to the global recession caused by the world wide oil glut and the oil production crisis which beset OPEC member countries, but measures designed to curb Nigeria's vulnerability to the vagaries of the oil market were applied in a half-hearted manner. The indiscipline in the former Government's spending pattern was even more pronounced in the external sector of the economy. The seriousness of this country's propensity to import is reflected by the fact that out of every ₦1.00 of new money created about 68 kobo is spent on imports."



The oil smokescreen is clearly beginning to be seen for what it is by the leaders of the new military regime. It is quite certain that if they conduct thorough and systematic investigations and review of even only the following five areas of the economy:

(i) the costing, execution and payment of all contracts of over half a million naira awarded since 1/10/79;

(ii) the actual amount of goods imported into the country as against the foreign exchange payments for them;

(iii) the terms and utilisations of all the external loans received by the federal and state governments and their agencies, corporations and companies;

(iv) the operation of oil exports, particularly the role of the 44 oil middlemen;

(v) the domestic and overseas assets of all public officers and of officials and leading members of all political parties, including the police and the judiciary; they shall completely see right through this oil smokescreen, and officially confirm to the people of Nigeria their belief that the economic crisis had very little to do with oil.

The table below, comparing the volume of oil production, prices per barrell and foreign exchange reserve of four well-populated OPEC countries completely debunks the oil smokescreen:



TABLE A: COMPARISON OF OIL PRODUCTION, PRICES PER BARREL AND FOREIGN EXCHANGE RESERVES OF FOUR OPEC COUNTRIES.

Year	Nigeria Pop= 79.6m			Algeria Pop=19.5			Indonesia Pop=150.5m			Venezuela Pop=14.7m		
	1	2	3	1	2	3	1	2	3	1	2	3
1979	9.5	20.7	5.5	4.4	-	2.6	6.5	18.0	4.0	10.3	19.3	7.3
1980	8.5	35.2	10.2	3.9	-	3.7	6.4	30.5	5.3	9.5	32.7	6.6
1981	5.9	38.7	3.8	3.2	-	3.6	6.5	35.0	5.0	9.2	37.8	8.1
1982	5.3	35.7	1.6	3.6	-	2.4	5.4	34.8	3.1	8.3	37.0	6.5

1. = Monthly Average crude oil Production in Millions of metric tonnes.
  2. = Price per barrel of crude oil in U.S. dollars.
  3. = Foreign exchange position in billions of U.S. dollars at the end of the year.
- Source: United Nations, Monthly Bulletin of Statistics, September 1983.



Among the many questions it raises regarding the explanations for the current economic crisis is the question of, why do we find the foreign exchange position of Nigeria falling from 5.5 billion dollars at the end of 1979, to 1.6 billion dollars at the end of 1982, a fall of over 70%; while that of Indonesia, with almost twice our population and about the same volume of oil production only falls from 4.0 billion dollars at the end of 1979 to 3.1 billion dollars at the end of 1982, a fall of less than 25%? If the argument is that Indonesia is a military dictatorship, while Nigeria was a civilian democracy, how does this explain the case of Venezuela, with a civilian regime which was changed last year through elections, whose foreign exchange position declined from 7.3 billion dollars at the end of 1979, to 6.5 billion dollars at the end of 1982; a decline of only about 17%! If the issue is because these two countries were not African, how does this explain the Algerian case whose foreign exchange position between the end of 1979 to the end of 1982 only declined from 2.6 billion dollars to 2.4 billion dollars; a decline of about 8% only!

Clearly, the actual decline in oil revenue, between 1980 and 1982 is not the cause, of the current economic crisis. In fact, as the World Bank Development Report of 1983 points out the purchasing power of middle income oil exporters like Nigeria actually rose by 11.5% in the period 1979-1982; it was the African exporters of other raw materials whose purchasing power declined by 3.5%!



Our own improved

The argument that the Fourth National Development Plan 1980-1984 was based on the expectation of the price of crude oil staying at \$40 per barrel is most irresponsible. It is like a person moaning that he wants your sympathy because his earnings which used to be around fifteen naira daily had very recently risen to forty naira daily, and he had planned the rest of his life on it, but now that he is only earning twenty eight naira daily he is in very serious trouble. How would you treat that person? The "oil glut" story is not more than that.

The Myth of the World Economic Recession.

But it is not just the oil glut explanation which is a smokescreen, the whole notion of a world, or global, economic recession is a myth.

There has certainly been an economic recession in the world since about 1974, but it has not been a world economic recession. It has been an economic recession starting in the industrialised capitalist countries and spreading to the dependent capitalist economies, particularly those whose exports are in raw materials to these countries. The central, and the dependent, capitalist countries do not by any means constitute the whole of the world. About 1.4 billion of the 4.0 billion people in the world today live in countries whose economies are already, basically, socialist. These economies have not suffered, and are not suffering, from any economic



recession. Even among the capitalist countries the tempo, impact and significance of the recession has been uneven, particularly in relation to the capitalist countries of both Eastern and Western Asia, and had been marked by particular regional and local features. The two tables below are giving a comparative index of industrial production of ten countries, and of the whole world, from 1979 to 1983, and the other giving a comparison of average monthly electricity production for the same ten countries, and of the world, expose clearly the myth of a world economic recession. For, how can there be a global economic recession, if industrial production in the whole world has not recessed, and in fact, if for a key group of countries, with a distinct-type of economy, their industrial production has increased; and if the world's consumption of electricity was also increasing. The tables (b) and (c) set this out clearly:



Table B: Comparative Index of Industrial Production  
of 10 Countries: 1979-83

1975=100

Country	1979	1980	1981	1982	(March) 1983
1. U.S.A.	129	125	128	118	119
2. U.K.	116	108	104	104	105
3. France	117	117	114	112	119
4. W.Germany	118	118	116	114	116
5. Canada	119	117	119	106	114
6. U.S.S.R.	120	124	129	132	141
7. E. Germany	121	127	133	138	147
8. Czechslovakia	121	125	128	130	148
9. Bulgaria	128	134	140	147	-
10 Hungary	120	118	121	124	134
11 WORLD	124	125	124	124	-

8 Source: United Nations Monthly Bulletin of Statistics, September 1983.

Table C: Comparison of Average Monthly Electricity  
Production in Million of Kilowatt-Hours in 10 Countries:  
1979-83

Country	1979	1980	1981	1982	(March) 1983
1. U.S.A.	193.2	196.3	197.0	192.8	182.4
2. U.K.	24.9	23.7	23.1	22.6	29.4
3. France	20.0	20.2	21.7	21.8	25.5
4. W.Germany	31.1	30.7	30.7	-	34.5
5. Canada	29.4	30.5	31.5	31.2	-
6. U.S.S.R.	103.1	107.9	110.4	-	128.0
7. E. Germany	8.0	8.2	8.3	-	9.3
8. Czechslovakia	5.6	6.0	6.1	-	7.0
9. Bulgaria	2.7	2.9	3.0	3.3	3.9
10 Hungary	2.0	1.9	2.0	2.0	2.3
11 WORLD in billion milliard kwh	7.9	8.2	8.3	8.2	-

Source: United Nations Monthly Bulletin of Statistics, September 1983.



In the case of the People's Republic of China, which is not specifically covered by these tables, it recorded a growth of 9.3% in the output of its heavy industries in 1982, and this rose to 12.2% in the first six months of 1983. Over this period its agricultural production has been rising by about 5% per annum, with grain production rising by 8.7% in 1981-1982 and the production of vegetable-oil crops rising by 15% in the same period! All these were a continuation of the significant economic advances China has been making since the late 1970's. Its reserve of foreign currency (except gold) rose from \$2.6 billion in 1980, to \$5.5 billion in 1981, to \$11.3 billion by the end of 1982; even though in one major area where it earns this, namely the export of crude oil, it was also affected by the fluctuations in the level of OPEC posted price, just like our country has been.

Therefore, the explanation for the current economic crisis in our country has to be looked for elsewhere, since we can see through the mystifications about "world oil glut" and the "world economic recession". This is where we have to turn to the fundamental facts of the structure and processes of the Nigerian economy and society, and the ways these have been shaped and moulded to serve the capitalist economies of Western Europe, North America and Japan, in general; and how they now operate, during the present phase of the economic recession these countries are in, in particular. There is clearly nothing 'universal',



'global' or 'world', and by implication almost natural, inevitable, and inescapable, about these. To continue pretending that there is, and refuse to squarely face these fundamental facts about our economy and society, when we are on the verge of economic collapse, is not only unpatriotic, but actually treasonable.

### The Role of Consultants.

In order to come to grips with the fundamental facts of the structure and operations of our economy and society today, we should start with the more obvious aspects of this reality. In this way we can systematically move from the known, to the lesser known, and through the various layers of mystification and expert evasion, to the concrete reality that is being hidden. Here, we should start with the parasitical, but influential, role of consultants in the Nigerian economy. This is well-known. Even the former President recognised this in his last budget speech on Thursday, 29th December 1983, when he listed consultants among the parasites milking the Nigerian economy. He said:

"Many of our people simply turned into contractors of all sorts. Some became "arrangees", suppliers, forwarding agents and all sorts of agents and consultants of all types and descriptions."

There is also some public awareness about the amount of our external reserves drained away by consultants. The amount paid abroad for management



and technical consultancy, for example, rose from #186.2 million in 1978, to #303.6 million in 1979, and #301.1 million in 1980. This may, on paper, have been paid to foreign consultants, or for the foreign operations of Nigerian consultants. But actually, a significant proportion of it went into the private accounts of influential Nigerian architects, engineers, surveyors, accountants, economists, lawyers, and their professional and business clients, partners and patrons. This is why the demand by some professional associations that some areas of consultancy work should be reserved, exclusively, for Nigerians is hollow and bankrupt, in the face of the dependent nature of the operations of most Nigerian consultants.

This applies even to the consultancy work being done right now in Nigerian Universities, research institutions and government agencies, by those who are ostensibly public service employees, but who earn almost all their actual, total, income from such privately - paid remuneration. Thus, even when the consultancy work is being done openly, and officially, in universities, research institutions and government agencies, it is not organised as a means of integrating theory and practice, study and production, and of enhancing equipment and other facilities, but as a private enterprise for the private accumulation of wealth and of bestowing favour and patronage by those who control these public institutions. Therefore, to simply demand that consultancy work for the governments should be done by university and research institutions only, does not tackle the issue at its roots, much as it takes us beyond some of the ways in which consultancy is used to even prevent public research agencies carrying out the actual functions they are specifically set up to perform.



The case of the consultancy contract worth ₦0.3 million awarded to Skoup and Company Ltd. by the National Committee on Arid Zone Afforestation to "monitor arid zone projects" is a significant example, particularly because of the critical nature of afforestation for the survival of this country, as demonstrated by the current drought.

Skoup and Co. Ltd is one of the most influential companies of economic consultants in this country. It is owned by Dr. Pius Okigbo, who has given official economic advice to almost all Nigerian governments since, before independence; and among others, by Dr. Sylvester Ugeh, Minister of Science and Technology [1979-1981] and Minister of Education [1981-1983]

The National Arid Zone Afforestation Committee was established in 1978 to carry out the specific task of turning back the encroachment of the Sahara desert and has since its establishment been allocated up to about ₦20.00 million for this task. This federal government agency is located in the same section of the Federal Ministry of Agriculture, namely the forestry section, where there is also the Savannah Forestry Research Station, located in Samaru, Zaria, and the Forestry Monitoring and Evaluation Unit at Ibadan. The Savannah Forestry Research Station is attached to the Institute of Agricultural Research of Ahmadu Bello University, whose Vice-Chancellor, Professor Ango Abdullahi has been, since 1978, the executive chairman of this National Committee, which awarded this consultancy contract to Skoup, for a



work which these two agencies are specifically there to do. If any "monitoring" of this afforestation was done it would reveal a lot about the role of consultancy in our economy and society, if it is established with what staff, equipment and facilities it was done, and what useful public function the "monitoring" served.

Shocking as such practices of subverting and undermining the role and development of public agencies may be, the role of consultancy in bringing about the current economic crisis goes much deeper, and is not as clearly seen. What may be seen is the feasibility study and the weight of managerial, administrative or academic experience of the men of timber and calibre, who nowadays stand behind every feasibility study and all its values, parameters, standards, and criteria, which articulate and legitimise the operations of the Nigerian economy today at a most basic level. For, almost all those who have planned the development plans since independence, and headed the major economic and financial ministries and other institutions since independence, are now playing the role of consultants, among other roles.

All decisions about public and private investments are articulated, rationalised and legitimised with sophisticated prose, figures and graphs and in elegant volumes, in terms of productivity, efficiency, and economic viability. At the most patriotic these consultants, and their proteges they have left setting on top of these public institutions would



mention the criteria of value-added and sometimes what they like to call the criteria of social costs.

The tyranny of the vested interests, and world-outlook, of these consultants are such that fundamental questions like, what exactly is being produced?, what constitutes the efficiency? Or, for whom, and for what, is an enterprise economically viable, are never raised.

But when all these economic parameters, management objectives and indicators for measuring economic performance are stripped of their jargon and imported academic tinsel, they come down to a chain of four basic assumptions, culminating in a single powerful conclusion.

Feasibility, economic viability, efficiency and productivity, according to the Nigerian consultant, and of course the foreign and domestic vested interests he articulates and promotes, amounts to the following chain of premises, and conclusion:

- (i) increasing total output;
- (ii) increasing output per unit of labour and land
- (iii) increasing output per unit of capital invested;
- (iv) increasing the net profit per unit of capital invested.

Once this is reached, then hallelujah! The project or enterprise is feasible! It is economically viable! It is efficient! It is productive. It is what Nigeria needs!



But we ask the question, who says so? On what grounds is this correct?

This chain of premises, of assumptions, culminating in the absolute objective of increasing profit per unit of capital invested, is derived from a particular conception of economy and society. This is the conception which places title of ownership of wealth over every thing else. This criterion for measuring feasibility, viability, productivity, and efficiency denies and excludes other criteria which are superior to it. They are superior to it because they are derived not from the interests of those who get titles to ownership, but from the interest of the great majority of the people whose role in the economy is not based on any titles to ownership of wealth, but on their manual and mental capacity as human beings.

Let us take two examples of these alternative criteria for measuring the feasibility, viability, productivity and efficiency of any project or enterprise, which the interests and conception of the Nigerian consultant deny. The first one is the employment - output - employment criterion. The second one is the manpower production principle.

These two are quite distinct and opposed to the profit per unit of capital criterion whose tyranny in the Nigerian economy and society has rationalised and legitimised the domination of appropriation over production, and titles to ownership over human capacity, and importation over domestic resources.



What the first one means is simply that the feasibility, viability, efficiency and productivity of any enterprise will be measured in accordance with all the first three of the criteria set out above but instead of culminating in profitability per unit of capital invested, it shall culminate with increasing the ratio of employment generated by both the input and output of the project and enterprise, right from its construction up to its operation. This means, that the raising its total output, and the output per units of labour, land and capital shall be measured by the extent to which the requirements of its construction and operation has generated units of domestic employment, and also the extent to which each unit of its output also creates domestic employment. This means that the assembly plants and other import-substitution enterprises, which are now regarded as efficient because the profit per unit of capital is high, will be seen as inefficient and unproductive because the unit of domestic employment they generate is low. Capital goods industries and the production of basic industrial infrastructure, like water and electricity, shall measure very high, particularly where their construction and operation has been integrated with domestic resources in a way which advances the employment output-employment ratio

This convergence of domestic resources with domestic employment will favour raising the productivity per units of labour, land and capital in these enterprises and not just the number employed, because the criterion is not just total employment, but the ratio of unit of



output to unit of employment.

What it means for an economy like ours is that its performance and that of each enterprise and sector will be measured by the efficiency with which each job generates and creates other jobs; with this the situation in which we are made to believe that the economy is performing well, when the most important domestic resource - the manual and mental capacity of our people - is increasingly marginalised, unless it can be brutally exploited, will not arise.

The second example is the manpower production principle. This is closely related to the first. This principle is that the feasibility, economic viability, productivity, and efficiency of any project or enterprise will be measured by the extent to which each unit of its output advances the physical, mental, scientific, and cultural, capacity of its work-force, measured in terms of specific units of these variables of humans capacity. Under the present criteria for efficiency, a project or enterprise which has a high profit per unit of capital is regarded as efficient, and productive, even if for every unit of its output a unit of the health and physical and mental capacity of its former or present workers is destroyed or is deteriorating. Thus reserves of private wealth are accumulated from the high dividends paid; but these exists alongside huge slums and ghettos, of under-nourished, diseased illiterate, drugged and disoriented workers, former, present and future. According to the manpower production



principle every project or enterprise should produce manpower for further investment, there and elsewhere, alongside the surplus capital it generates.

The role of consultants, in our economy as the rationalisers and legitimisers of the domination of private capitalist exploitation over and above every thing else is one of the basic cause of the current economic crisis. Once, from the very basic stages of planning, ownership is enthroned above labour, and consumption above production, importation and exportation will come to prevail, and the sole and absolute goal will be the making of the highest level of profit in the shortest possible time.

There is no justification for lamenting over corruption, materialism, indiscipline and lack of public accountability, when the motor for this is promoted and entrenched at the foundations of the planning and operations of the economy in the form of the tyranny of the criterion of profit per unit of capital over and above everything else.

Bringing in the criteria of value-added and of social costs is mere cosmetics, unless, and until, the convergence of domestic resources with domestic output with domestic manpower and domestic employment, and the ratios and criteria for measuring these are placed squarely at the centre of the planning and operations of every project, enterprise and sector of our economy.



Major-General Buhari's dissatisfaction with some of the conventional indicators of economic performance like the Gross Domestic Product (GDP) expresses the frustration of many Nigerians about the whole established method of measuring the performance of our economy. The yawning gap between the rising graphs and the sinking pockets and stomachs is a reality which calls into question all the existing conceptions of our economy and society. A close examination of the role of the consultants shows that this has to go well beyond the use of the GDP to cover up and mislead about the worsening conditions of the people of this country.

#### The Role of Contractors.

The role of contractors in causing the economic crisis is better known. The inflation of the cost of contracts, and of the very high proportion of government expenditure used to pay contractors are widely known. The contract system has also become the means of all forms of fraud, embezzlement and outright plunder of public resources, in cash and kind. The central role it came to play in the operation of the political system led Alhaji Balarabe Musa, in a statement on 29th June 1982, to describe the situation as one in which:



"instead of a democracy in which you have in operation, government for the people, by the people, and of the people; you have a contractocracy in which government is for contractors, by contractors and of contractors. Politics is being reduced to a fight between one gang of greedy tycoons, each backed by their foreign business masters, and others; and each waving some tribal, or sectional, banner to confuse and divide our people."

The magnitude of the role of contractors, (and of course of consultants who define rationalise the unit costs, designs and terms of the contract) can be seen even from official reports. The Ministerial Committee on the Causes of the Excessively High Cost of Government Contracts for Works and Services in Nigeria established by the former President, under the Minister of Finance, Professor S. Essang, reported in July 1980 that the cost of government projects given to contractors are 200% higher in Nigeria than in Kenya and 130% higher than in Algeria, at that time.

The Committee of Experts appointed by the National Economic Council made up of commissioners, special advisers, permanent secretaries and other senior economic and finance officials from all the states, under the chairmanship of the former presidential economic adviser, Dr. J.S. Odama reported in February 1983, that in the two and a half years, since the Essang Committee, this rate of contract inflation had gone up a great deal; It reported that:

"The Committee is aware that the cost of most of the contracts are deliberately inflated with the result that the cost of the construction in Nigeria is currently about three times the cost of executing similar projects in East and North Africa and four times of the cost in Asia."  
(my emphases). \*



To illustrate the economic significance of this, let us take seven contracts awarded by four state governments since 1982, all of which went to British construction companies. These are:

1.	Alfred McAlpine - ₦65m	-	hospitals, clinics, a medical school and boreholes in Plateau state.
2.	Balfour Beatty - ₦45m	-	Balanga Dam and irrigation project in Bauchi state
3.	Hispanic Construction - ₦70m	-	Roads in Bendel State
4.	Costain Ltd - ₦120m	-	Water supply and irrigation in Oyo state
5.	Lilley Construction - ₦52m	-	water supply in Plateau state
6.	Balfour Beatty Construction - ₦41m	-	A modern market in Bauchi state.
7.	Biwater Group - ₦151m	-	Water supply in Kwara state
<hr/>			
	Total =		₦439 million
<hr/>			

Even in accordance with the findings of the Essang Committee on contract costs in 1980, these seven contracts have involved inflation of costs amounting to about ₦250 million over Algeria, another major oil and gas exporter! That means with less than ₦200 million all these seven projects could be fully built and completed and the extra ₦239 million is being simply siphoned off into the pockets and private bank accounts of the governors, commissioners, permanent secretaries, consultants and contractors, domestic and foreign. Most of it would be paid abroad as part of the transaction and to serve the banking and other British capitalist interests controlling the operations. This is the hard reality behind all these so-called "development projects" of road, water, health



etc, which in most cases break-down within a few years and have to be repaired, if at all, by further contracts, and the contract system continues, and the country collapses.

In a May Day lecture in 1982, I had illustrated this with the example of the contracts for the construction of 760 boreholes awarded by the Federal Ministry of Water Resources. At that time, the information made public indicated that the average contract cost per borehole was ₦47,000. I had contrasted this with the average contract cost for the same borehole in the contract awarded by the Kaduna State Government which was ₦27,000. This indicated an inflation of about 70% over this Kaduna State Government, which also, no doubt, involved a measure of inflation.

But since then it has been revealed that the average contract cost per borehole for the 760 boreholes to be built by the federal government came to over ₦77,000! That is an inflation of over 250% of the average contract cost awarded by the Kaduna State Government, for basically the same work.

These 760 boreholes were distributed at forty boreholes per each of the 19 states and were awarded, at a total cost of ₦59 million to the following constructors, among others:

- |                         |   |         |
|-------------------------|---|---------|
| 1. Bayaks Enterprises   | - | Sokoto  |
| 2. Aqua Resources       | - | Kaduna  |
| 3. Abba Othman Ltd      | - | Kano    |
| 4. Jezza Construction   | - | Bauchi  |
| 5. Stekon Ltd           | - | Niger   |
| 6. Hussaini Enterprises |   | Plateau |



7. Bassey Enterprises - Gongola
8. A. Teri Enterprises - Gongola
9. Hancot Ltd - Gongola
10. Budimex Ltd - Oyo
11. Harold Sodip and Co. Ltd. - Ogun
12. Basko and Zwischenstuck - Benue
13. Bremen Ltd - Anambara
14. Mc Dowell - River
15. Universal Enterprises - Cross River

The last of those awarded the contracts for the six other states was not revealed. But in spite of this massive inflation of the contract, up to over one year after the award, only 189 of the 760 boreholes were completed, (that is less than 25%); and it is almost certain that most of them have barely supplied any water. The practice in Kaduna state was that these boreholes would be "completed" and then sealed; and if they are opened the water level becomes too low for any practical use after a few months.

In this instance well over ₦40 million has been siphoned off under the cover of providing drinking water for people living in the rural areas; water which they actually never got, in almost all cases.

In the two cases covering state and the federal governments cited above, it is not clear the extent to which these contractors used government staff and equipment to operate. But in April 1983, the Nigerian Ports Authority Workers Union and their Senior Staff Association revealed how the Nigerian Ports Authority pays the sum



of #7.00 million per annum to the Westminster Dredging Co. Ltd for the contract of dredging works - this private company was ostensibly doing for it, using the Ports Authority's own dredging vessel, Sealion and its staff, who were being paid a salary of #157,693.00 per annum!

You may remember that it is a robbery of only #126,195.33 of the money of this same Westminster Dredging Company on 28th February 1980, which led to the killing by suffocation and hunger of fifty employed and unemployed workers in a police black maria on Monday 3rd March 1980!!

All these are not aberrations and abnormalities, or the result of indiscipline. They would mostly be found to be legitimate transactions based on costings, designs, terms and other documents prepared and authorised by well-established professionals in law, architecture, engineering, accountancy and surveying. They are the results of the operations of the present economic and social system in this country illustrating some of the fundamental facts of its nature.

#### The Role of Other Middlemen.

But contractors and consultants are only one species of the middlemen dominating the Nigerian economy, and the Nigerian state today. There are many others including importers and exporters, currency arrangers, oil middlemen, and commission - agents of all types and all description, from the Hajj airline touts, to those who specialise in arranging external loans for governments and public corporations.



The role of the crude oil middlemen is one of the most crucial. In order to ensure that they make massive commissions for each barrel of Nigerian crude oil exported, the export of this oil has not been built on long-term agreements between the NNOC, and now NNPC and foreign buyers, like several other OPEC countries do. For such agreements, which would stabilise the volume and price of the crude oil would substantially cut out the oil middlemen and the Rotterdam and other spot market sharks who control them.

As the Irikefe Tribunal of Inquiry into crude oil sales discovered and reported in June 1980, these middlemen are even being financed by the NNPC. The report states that:

"... we are of the view that the length of credit 30 days or 60 days offered by NNPC to the buyers of crude oil is excessive. The value of the crude oil sold should become payable immediately the ship is loaded at the loading platform... The present practice would appear to be that the crude oil is lifted from here sold to a refinery, which pays for it immediately. This money could then be deposited to yield high interest from which payment to NNPC would be eventually met. Thus NNPC could inadvertently be financing her sale of crude for her customers. ... it will be pertinent to refer to the speed with which the Scandinavion Trading Company A. B. paid for the crude seized from M.T. Kulu, it took four days from date of shipment".

Thus besides preventing the most important export of the country being placed on a regular and more stable basis, the role for the oil middlemen diverts billions of dollars into the pockets and bank accounts of a handful of rich and powerful Nigerians who were recently said to number about forty-four.



The role of the importers and the other middlemen is well-known and all constitute an essentially parasitical role based on support by the Nigerian state, to exploit the people of this country in the service of foreign capitalist interests.

#### Profiteering and Expatriation.

The attempt to cover-up this whole system simply as "corruption" or "lack of public accountability" can be easily seen through when it is realised that at the core of its operations are the well-established and legitimate consultants, contractors, importers and exporters and banks. Some of these may have complained about not obtaining enough of what they consider than fair share. But at the centre of this structure is the process of the increasing rate of profit and of its expatriations. The cause of the current economic crisis, in the various forms it has manifested itself, is the huge profits which the dependent bourgeoisie presently ruling Nigeria, and their western capitalist patrons and masters, has been making. These profits, already very high by all standards, decidedly rose since 1979, and increasingly came to be realised and secured through imports and hence their expatriation abroad. This manifested itself in the rapid decline in our external reserves, and also, and more crucially, to a rapid decline in public and private investment within the country.



The proportion of the wealth created in Nigeria which either from government revenue or from private profit, would be invested within the country sharply declined.

The intensification of the rate of profiteering and of its expatriation rose as part of the mechanism of the western capitalist economies to compensate for the decline in their internal levels of profits caused by the economic recession.

A major source for this came to be the dependent capitalist economies whose governments derive huge revenues from the petroleum rents, royalties and profits and where most of the profits can be realised in transactions involving the government and do not significantly require a local consumer's market.

The cement racket of 1974-1976 is perhaps one of the best known example of how this mechanism worked. It arose directly from the recession in the capitalist economies of W. Europe, which had started in 1973-74, and involved a sharp slump in their construction industry and therefore in the Cement industry, and also in shipping. This recession started about the same time as the Nigerian government realised a massive increase in its rent, royalties, profits and other payments from the export of crude oil whose posted price in OPEC countries, had gone up from \$4.80 dollars in 1973 to \$14.69 dollars in 1974; raising the total revenue from petroleum from #1.016 billion in 1973 to #3.726 billion in 1974. This is a rise in revenue, almost all of it in dollars, of over 300% in a single year! This victory of OPEC was



even given by the western press as the cause of the economic recession which actually has its roots at the much deeper level of the structure and cycles of capitalist economies, whatever connections it came to have with the rise in oil prices.

It was on the basis of this revenue that the Nigerian government embarked on the massive public, capital investment of the 1975-1980 plan period. An attempt to obtain cement that came to be in great demand from the USSR and some countries whose cement industry was expanding and had lower prices was strongly resisted and blocked by the western cement monopolies and their Nigerian agents in government and in the chambers of commerce. A consignment of cement ordered by the government from the USSR was hijacked, in an open act of piracy near Lagos in July 1974.

The big Western cement corporations, together with the western shipping magnates and their insurance companies and banks, got the Ministry of Defence to order 16.23 million metric tonnes of cement while its total requirements were far less than 3.0 million metric tonnes. This was bought at a far higher price than obtained in the USSR, Romania, Poland and other Comecon countries, and even higher than in Western Europe. Nigeria ended up paying about \$115.00 dollars per each metric tonne of cement, including shipping and demurrage charges.

This is \$75.00 dollars higher than it could have paid with \$25.00 dollars for a single metric tonne and \$15.00 dollars for the freight. Besides the disruption of the Nigerian economy that the cement embargo caused, about \$1.0 billion was drained away in a single year, and a large amount of the cement had wasted away in the organised delays of the cement ship to raise demurrage charges at Lagos.



What has happened since has basically amounted to this process of profiteering and expatriation in a dependent capitalist economy with large petro-dollar resources and deep subservience to the capitalist metropolises. Since 1979, the distinctive features of the Nigerian economy and political system has intensified this.

For the period 1979-1983, the rate at which these profits rose can even be seen from the account of some of the construction companies which has been made public. In 1980 the turnover of Taylor Woodrow was, for example ₦30.4 million. This more than doubled in 1981 to ₦71.5 million. But its profits did not just double. In 1980 it made a profit of ₦1.3 million, and in 1981 it made a profit of ₦4.0 million. This means that while its turnover doubled, the profits it chose to declare trebled.

Another construction company Dumez had a turnover of ₦56.4 million in 1980 and ₦70.2 million in 1981. Its turnover increased by 24.4% but its profits rose from ₦4.2 million in 1980 to ₦8.6 million in 1981; a rise of 102.0% in one year.

This is also reflected most clearly, particularly within the new banks that were recently established. One of the most spectacular examples is with the Bank of Commerce and Credit International. Its loans and advances rose from ₦38.8 million in 1980 to ₦88.67 million in 1981. This is an increase of 127.9%.



The volume of its current deposit and other accounts rose from ₦154.4 million in 1980 to ₦341.3 million in 1981; a rise of 121.0%. But its profit rose from ₦1.7 million in 1980 to ₦7.8 million in 1981. This is a rise of 353.3% in a single year! In 1982 its profit rose to ₦14.2 million. That is a rise of almost 100% again in an economy that was already said to be suffering from the "oil glut". It also means that from 1980 to 1982 its net profit has risen from ₦1.7 million to ₦14.8 million - a rise of about 800%.

Its own case is revealing because, as a new bank, it wants to establish its capacity for profiteering to its owners and their network of patrons and masters. Other older banks manage to obscure the equally spectacular rise in their net profits from contracts, oil middlemen and imports, as they do not need to establish their capacity for profiteering, already well-known.

The revelation by the Managing Director of the International Bank of West Africa, Mr. Oladele Olashore that Nigeria paid ₦11.9 billion for import in 1981 but that the actual value of these import amounted to about ₦2.97 billion, shows how this high rate of profiteering went on together with a high rate of the expatriation of this wealth. The additional ₦9.0 billion was taken out through over-invoicing and numerous charges, fees and fraudulent practices, not by some shady little bank or company, but by the well-established and reputable companies and banks directly and through their various subsidiaries and agents.



### The Alternatives.

The alternatives are either to recognise these fundamental facts of the nature of the Nigerian economy and to start dismantling it in order to build a new and independent national economy, in the service of, and controlled by, the working people of Nigeria, and all those engaged in producing the wealth of the country; or to tinker with the superficial aspects of the present economy like hoarding, ostentatious cars, and the cruder forms of fraud and embezzlement; sooner or later, revert to square one or beyond, and start blaming, shooting and killing the Nigerian people for their "failure" to be patriotic and disciplined, in a fundamentally corrupt, indisciplined, and subservient economic system.

The building of this new economy, which, of course, can only be productive and independent, if it is socialist, will go through several stages. At a workshop on the State of the Nigerian Economy organised by the faculty of Arts and Social Sciences and the Centre for Social and Economic Research of Ahmadu Bello University, in October 1983, a number of policies were worked out for solving the current economic crisis at its roots, and moving the country away from the dependent capitalist structure, which is the fundamental condition for the crisis, in the first place. These measures were in the form of distinctive alternatives to all the 105 measures which the federal government, with the concensus of all the 19 state government, had set out in a white paper on the economy in June 1983.



Since the white portion of the Nigerian flag is the smaller one, we decided to call the policies coming out of the workshop, the Green Paper on the State of the Nigerian Economy, as they represent the interest of the majority of the people of Nigeria. Copies of this has been supplied to your library by the organisers of the workshop.

The solutions it proposed, which have also been serialised in six editions/<sup>of</sup> the Sunday Standard from 11th December 1983 to 15th January 1984, amount to basically eliminating contractors, consultants and all middlemen from any role in the Nigerian economy, and organising the actual producers and consumers particularly the workers, peasant farmers, artisans, teachers, professionals, retailers and capitalist industrialists, to take full control. Among the policies proposed are:

1. The complete elimination of the contract system and its replacement by direct labour and the establishment of new construction and supply agencies owned by governments, at various levels, and by teams of professionals technicians and workers who are employed there.
2. The nationalisation of all foreign trade, all commercial and merchant banking and the making of the possession of assets worth more than ₦50,000.00 by any Nigerian citizen abroad a treasonable offence.
3. The establishment of new cooperatives of producers and consumers in agriculture and commerce on the foundation of the decisive



removal of all semi-feudal, communal and bureaucratic fetters which oppress and block the productive activity and organisations of peasants, artisans, traders and workers, and which are parasitical and sustain the middlemen.

4. The reorganisation of commerce to link directly the organisations of producers with those who process, consume or somehow utilise the products, by ensuring that all bank credit, transport and other facilities controlled by governments serve this new system of commerce.

In addition, it would be necessary to reopen and reorganise all closed-up factories or those that have sacked a majority of their workers, under new ownership and management structures which places the control in the hands of the workers and the professionals.

There are many other proposals intended for the immediate purpose of moving the economy out of the current economic crisis towards a new economic structure on the basis of which alone the current crisis will not recur. The discussion and debate on this is an important responsibility of all Nigerians. And those of us privileged to study and learn about nature, man and society have a special responsibility to see that this debate becomes popular and ends in the necessary activity by the people of this country, to ensure its salvation.



Conclusion.

This matter of solving the economic crisis cannot be understood in a political vacuum. By politics, I do not mean political parties. I mean the basis of the political power of the government. This goes beyond the civilian versus military issue. I will place this issue in a political context by quoting, and affirming what I, once proposed in a public lecture within four weeks of the previous military coup, of 29th July 1975.

Since this public lecture is also coming within four weeks of another military coup, whose leaders say that it is an offshoot of the other one, I will also make my conclusion an offshoot of the earlier public lecture on some fundamental problems of contemporary Nigeria over eight years ago, to a National Youth Service Corp audience in Zaria, on Thursday 28th August 1975 and published in the New Nigeria of 19th and 20th September 1975.

After proposing certain changes that were required, at that time, I concluded the lecture with this prediction which has been validated by events since. It was that:

"Only such fundamental social and economic changes can deal with the problems of poverty and of establishing a democratic system in this country. No amount of the usual constitution making will. All that will come from that is to take us back to the previous rules, civilian and then military. Thank you".

Before coming to that conclusion this was my analyses of the situation, which I believe, basically applies to the position today.



"the previous governments both civilian and military have debased representation to the level of tokenism. A representative is not regarded as somebody who, in practice, identifies with the conditions and interests of the people, who is accountable to them and can be disciplined by them in a systematic and organised manner. A representative is simply an indigene of an area who perpetuates the illusion that the various parts of the country are engaged in a competition for the allocation of scarce resources and he is a champion of one part. His representativeness begins and ends with ethnicity and the appropriation of the "scarce resources" into his pockets. Since these representatives have amassed wealth or are dependent on those who have, they are incapable of being representative in any other way. This is because genuine representation would involve selecting or electing representatives on concrete and basic issue like urban plots, housing, rural credit, taxation, wholesale and retail prices and other such issues basic to the livelihood and dignity of the people. (But) These types of people will use their wealth, status and connections to prevent such issues being made the basic of selection or election. For, once such issues are seriously raised and pursued, their position and ties with the structure of exploitation as landlords, shareholders, rentiers, and agents of foreign businessmen will be exposed... Everybody knows that many of these people cannot flourish without a government which they can manipulate or control even on the simple matter of income tax. They will certainly not allow any of their debtors, tenants or employees to actively campaign for the establishment of a genuinely democratic government."

Therefore we have to squarely face the fact that this issue is:

"... another fundamental problem of contemporary Nigeria which is obscured by jargon and false theory.... The problem is defined in terms of two alternatives, military rule or civilian rule. And civilian rule is identified with popular participation hence the slogan "Return to Civilian Rule" as the solution to the problem. But the identification is false. The slogan is misleading. There is nothing inherently popular or democratic about rule by civilians, in this country or anywhere in the world. The distinction between military rule and civilian rule is a purely legalists one. If we look beyond the superficialities of legal form we can see that the main pillar of state power anywhere in the world has been and is the armed forces; and the government, whatever legal form it has is only the derivative or gain



of the state..... Instead of wasting time proposing timetables for the return to civilian rule, we should concentrate on working out and setting up powerful organisations through which the ordinary people of this country can control all organs of the state, including the armed force. We should get down to working out the means of making all these organs of state committed to and effectively tied to the needs and interests of the common people. I do not think that the people of this country want to return to civilian or any previous rule. They want a political system, in which they themselves can ensure their livelihood and dignity.

We have not had such a system before. So we cannot RETURN to it. Not only do they not want to return to anything, but they want to MOVE FORWARD. They want to develop a participatory democracy, a just and disciplined society".

The great task of creating, building, and forging these organisations of the working people of Nigeria, to control and direct the destiny of the country, is the responsibility of all Nigerian patriots. It is the only sound and permanent basis of solving the current economic crisis.

Thank you.