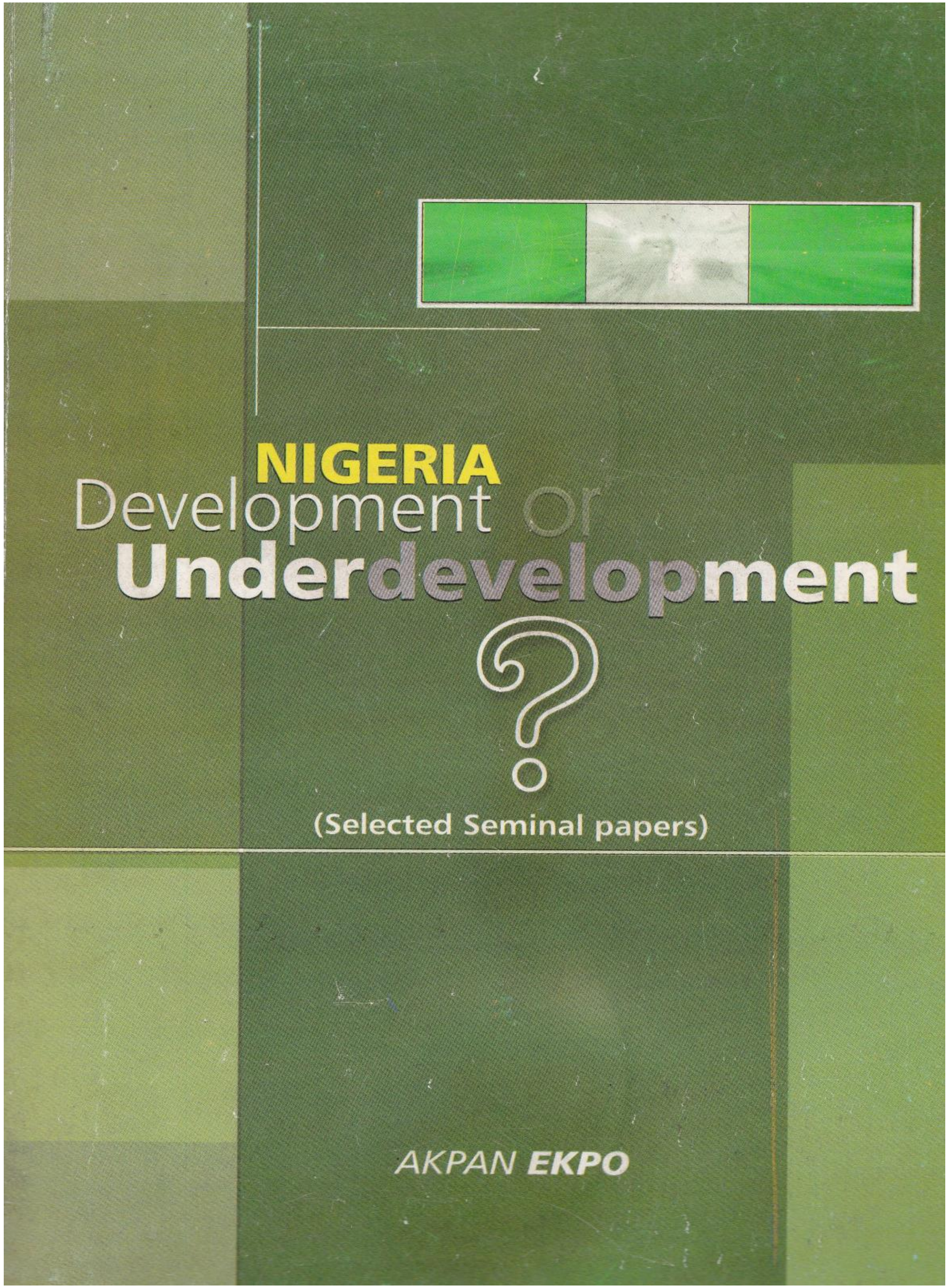

Chapter Sixteen

MULTINATIONALS AND NIGERIA'S ECONOMIC RECOVERY PROGRAMME: A RECONSIDERATION OF THE EVIDENCE

INTRODUCTION:

The role of multinational corporations (MNCs) in the development process has always been controversial. There are scholars who perceive that multinationals contribute positively to economic growth and development; others view the role of MNCs as negative, exploitative and reinforcing dependency. Another group maintains that MNCs are but a necessary evil. What is certain is that MNCs, sometimes known as transnational corporations are found in contemporary economic systems. More importantly, MNCs are in business to make profit.

In developing countries, MNCs are involved in mining, manufacturing, oil exploration, trading, agriculture, transportation, and services. In some countries, MNCs control the entire economy and therefore influencing the political situation or direction (overtly or covertly) in those countries. There has been evidence on the improvement of MNCs in the political upheavals in many Latin (South) American countries. There are instances when governments have utilized the services of MNCs in order to spy on certain high government officials or individuals in a particular country (Onimode, et al, 1983). MNCs are very powerful; even governments in the countries where they are headquartered find it extremely difficult to control their operations and activities (Wilber, 1980).

MNCs have featured prominently in Nigeria's development calculus. They are involved in all facets of the country's economic activities. MNCs have existed in Nigeria since the colonial era and continue to survive in this period of crises. In Nigeria, MNCs control petroleum industry, manufacturing, banking and insurance. In some of these ventures, they are partners with government for example, the petroleum industry where shell, Mobil, Gulf, Elf, Agip, etc are in one form of joint venture with the Nigerian National Petroleum Corporation (NNPC). This form of partnership was ushered since Nigeria became a neo-colony. During periods of boom and prosperity, multinationals appear to enjoy some degree of acceptability in the sense that jobs are available for those willing and able to work, prices are relatively stable, government revenues are enhanced through company taxes and levies. In the period of boom, it is not uncommon for governments to appeal to MNCs to plough back their profits for further investment in certain areas considered as priority by policy-makers.

However, in a depressionary era, MNCs often retrench or dismiss workers. In the Nigerian context, despite appeals from government, MNCs dismissed thousands of workers during this era of stagflation. This behaviour is consistent with capitalistic enterprises. After all, the government itself did retrench millions of workers during the period 1979-1989. It should be noted that MNCs cannot avert economic crises. Economic crises occur in industrialized countries where MNCs are headquarters since capitalist economies are subject to periods of boom and depression-cyclical fluctuations. This paper examines the behaviour of MNCs in Nigeria's economic recovery programme. This effort is analysed by periscoping the profits, the turnover, and value of cumulative private foreign investment in selected companies for the period 1980-1988. More concretely, our hypothesis is that MNCs continued to make or enjoy "reasonable" profits when the economy was in a depression. Furthermore, it is important to understand the character of private foreign direct investments in periods of economic crises. This will, ceteris paribus, result in the formulation and implementation of appropriate policy to "regulate" the activities of MNCs.

The results of our analysis indicate that despite the continued decline of net foreign private investment (new direct) during the depressionary era, absolute profits for most MNCs increased for the period under study.

The paper is organized thus: following the introduction, we discuss theoretical and conceptual issues in section 2. Section 3 highlights significant indicators of economic performance in the Nigerian Economy and analyses certain features of the economic

recovery programme. Quantitative evidence is utilized in section 4 in investigating the pattern of profits, turnovers and their changes over time in selected MNCs. In the same section, we also examine the trends in the country's foreign private investment. Section 5 puts forward some recommendations and concludes the paper.

Theoretical and Conceptual Issues:

There seems to be no general theory explaining the behaviour of MNCs. According to one economist: "The multinational firm remains within the educated guesswork and suggestive analogy rather than formal modelling" (Kindleberger and Audretsch, 1983, p-57). Another contends that despite " the enormous output of theoretical work on MNCs..... Grave doubts must remain concerning the ability of the emergent synthesis to explain and predict the behaviour of MNCs" (Casson, 18 1983, p. 34).

It is, therefore, not surprising that the economists interested in the examination of MNCs have waited more than a quarter of a century "to escape from the constraints of the pure theory of international trade and to improve their analytical tools by borrowing from industrial economic theory" (Michalet, 1989, p. 62). Multinationals have existed for decades hence it is amazing why scholars continue to search for a formal model.

It seems to us that a multinational corporation is a large firm, which carries out foreign direct investments in two or more countries with the desire to maximize profits not necessarily of its individual subsidiaries but instead of the centre parent company. It operates under imperfect market conditions. In recent times, MNCs have varied their structures. They now have subsidiaries in which a certain fraction of the shares belong to private or state capital in the home country. The national comparador bourgeoisie in the host countries essentially owns these shares. Hence, their economic activities appear nationalistic and home grown. Some MNCs with the assistance of the State have even changed their former names to further confuse the people. For example, in Nigeria the former Barclays Bank is now known as Union Bank; Standard Chartered Bank is called First Bank; Bank of America is referred to as Savannah Bank, and so on. Yet these "home" subsidiaries are still under the control of their headquarters in England and the United States of America

There is the so-called modern theory of the multinational enterprise known as internalization. The thrust of the concept of internalization is that the actions of the firms can replace the market or alternatively can augment it. The explanatory power of the concept rests on an analysis of the costs and benefits to the firm of internalizing markets, particularly markets in intermediate goods (Buckley and Casson, 1985, p. 9) The fundamental objective of internalization is to reduce transaction costs. An objective which is arrived at by vertical and horizontal integration. Michalet (1989) maintains that the advantages of internalization can be explained by several factors.

He listed:

1) the increased ability to control and increase production;
2) exploitation of market power by discriminatory pricing;
3) avoidance of bilateral market power;
4) avoidance of uncertainties in the transfer of knowledge between parties and;
5) avoidance of Potential government intervention by devices such as transfer prices.

In the context of vertical and horizontal integration, the former are especially relevant to multiplant operations over space, that is, the activities of MNCs. These activities include:

a) economies of internalizing long-term contracts especially in ventures utilizing illiquid capital assets as in raw material in the refining of oil or metal;
b) monopolizing supply in intermediate products which increases the monopolist's ability to discriminate against the buyer;
c) permitting transfer pricing in order to reduce the incidence of tariffs, profits, taxation and exchange controls;
d) allowing for the ability to improve quality control; and
e) invention and exploitation of knowledge, which are crucial for the growth of MNCs.

The above activities are accelerated by vertical integration.

The theory of internalization and its relation to horizontal integration is discussed in (Casson, 1983).

> "Specifically, intra-firm transfer to a foreign subsidiary . . Has advantages over autonomous trading: better disclosure, easier agreement, better governance and more efficient transfer result. Here lies an incentive for horizontal foreign direct investment".

While the theory of internalization has some merits, it is rooted in the typical traditional analysis of firms. A critical analysis of this theory maintains:

> "But, by its lack of dynamic dimension, the internalization concept is unable to cope with the process of multinationalization. Internalization is more appropriate for the analysis of resources allocation than the growth of the firm. ... the internalization theory is badly equipped to identify emerging trends in inter-firm relationships, including those where equity acquisitions, and capital flows are negligible but which cannot be reduced to market transactions" (Michalet, 1989, p. 64).

Furthermore, the theory of internalization assumes away the exploitative role of MNCs; the lopsided development in countries in which MBNCs operate. The theory does not recognize the historical development of MNCs as part of the development of capitalism. It is crucial to analyse the multinational corporations" in the context of world imperialism in order to gain a correct appreciation of their role in the intensifying drama of underdevelopment in the Third World" (Onimode, 1988, pp. 45-66). Such an analysis will elucidate the dubious activities of MNCs especially their collaboration with the domestic/comprador bourgeois class in perpetuating underdevelopment, poverty and misery. In other words, a better understanding of MNCs requires a historical materialist approach. It seems to us that this approach does not negate the theory of internalization but rather incorporates it. The historical-materialist method enables us to examine the end result of the activities of MNCs in terms of its impact on society. Several scholars have adopted this method in studying MNCs (Wilber, 1980; Onimode, 1988; Onimode, et al, 1983; toyo, 1987; Shirokov, 1983; Mandel, 1975). We would adopt the same framework in analyzing the subject matter. Let us now focus on the performance of the Nigerian economy in order to have an appreciation of the necessity for a recovery programme.

Performance of the Nigerian Economy, 1979-89 And Multinationals:

An analysis of the performance of the Nigerian economy depends on the approach adopted by a particular scholar. An orthodox or conventional approach would merely examine the growth of gross domestic product and; its per capita component to see if improvements have been sustained for a reasonable period. This method could also incorporate the basic needs approach to development. Consequently, an analysis of performance depends on how we perceive development and invariably the development of underdevelopment. Before 1980, it was generally accepted that the economy was performing well in terms of growth, employment opportunities, price stability, and provision of basic needs like food and education. This situation was made possible through the windfall profits from petroleum. Furthermore, it is important to note that in terms of real development, the majority of Nigerians have always lived in conditions of misery and poverty. Income distribution has been highly skewed in favour of the rich; all the evils created by the attempt to develop neo-colonial capitalism have descended heavily on the Nigerian people, windfall oil profits notwithstanding.

Amidst this scenario, MNCs registered millions of after tax profits before 1980. The windfall oil profits, wrongly referred to as the oil boom, meant more than triple profit to multinationals. Millions of profits were repatriated abroad. The mass of profits in manufacturing alone was x835 million in 1975, x1398 million in 1976, x1443 million in 1977, and x1,7559 million in 1978. The cumulative profits in Nigeria's small manufacturing sector in those

four years was almost x5,435 million (Toyo, 19983, p. 34). Between 1975 and 1976, profits in the manufacturing sector alone earned by MNCs grew by 67.4%. These high profits were not due to new investments but to various manipulations by MNCs to ensure the control of the market, for example, transfer pricing and outright corruption. The MNCs, of course, were assisted by Nigerian capitalists who also took part in the sharing of these massive profits - thanks to the former Nigerian Enterprises Promotion Decree.

The import-substitution industrialization and export-led development strategies were carried out by MNCs in collaboration with the Nigerian State. Car Assembly plants registered enormous profits most of which were repatriated. The windfall from petroleum enabled government to award contracts of all types to MNCs and their domestic surrogates. The intensification of primitive accumulation by the comprador class intensified. It was, therefore, not surprising that the economy began to experience disequilibrium in her balance of payments.

The nefarious activities of MNCs - distortionary wage policies, transfer pricing, over-invoicing, corrupt officials, etc are cogent explanations as to why the economy entered a recessionary phase. MNCs did not utilize the enormous profits to generate significant employment in the economy. The repatriation of their profits aggravated balance of payments problems. Nigeria had a balance of payments deficit on current transactions in 1970 of x95 million. For this, an investment income repatriation of x111.8 million was in large part responsible. In 1971, repatriated income from direct investment of x322.2 million was, in fact, principally responsible for the overall deficit on current account to the tune of x188.6 million. From 1981 to 1988, Nigeria's current account showed a deficit except in 1985 (CBN, 1989, p. 55). The deficit was x5103.3 million in 1988. Evidence of fraudulent activities of MNCs which contributed to the country's economic crises are well analysed in (Toyo, 19823). We are not alluding to the fact that the crises was completely caused by MNCs - they had a significant role in the crises (Ekpo, 1987). For example, most of the debts, the country is now owing were repatriated as profits by MNCs. The various projects which were loan financed were constructed by MNCs using their technology, and expertise. The projects were even managed by them and huge profits were realized and repatriated.

Today, Nigeria is one of the world's fifteen heavily indebted countries but the MNCs seemed to be absolved of the country's crises. It is, therefore, not surprising that beginning 1980, the economy entered a recessionary phase. Table 16.1 below summaries the major indices of economic performance for the period 1981 - 89. From 1981 to 1986, the economy registered negative GDP growth rates. Between 1982 and 1983, the economy showed a declining growth rate of - 8.5%. For the same period the rate of inflation was 23% with the highest of 40% in 1984. Urban rate of unemployment which was 1.1% in 1981 rose to almost 10% in 1985. It is clear that the economy was suffering from stagflation. When we consider the issue of income distribution and deteriorating social services, the performance seems more appalling. Rural unemployment which was unheard of in the past has been increasing - from 2.4% in 1983 to 6.2% in 1989. The growth rate of GDP by 1.2% in 1987 and its consequent improvement by 4.1% and 4.0% in 1988 and 1989 respectively appear to suggest that the economy is on a recovery path. However, the high rates of inflation of 10.2% in 1987, 38.8% in 1988 and 47.5% in 1989 negate any sign of recovery. Moreover, urban rate of unemployment data for the same period suggest that the economy is far from recovering.

It is interesting to note that the policy elements (like devaluation and interest rate de-regulation) in the structural adjustment programme which stimulated the growth of GDP for the period 1987 -89 also fueled the rate of inflation. The improvement in GDP could also be due to petroleum exports and increased government expenditures.

Other indices of performance show disturbing trend. Capacity utilization which stood at 73.3% in 1981 declined consistently throughout the period under study. Food crop production index shows decreasing trend except for 1988 and 1989. The haphazard growth of both manufacturing and industrial productions partly confirm the decline in capacity utilization. It seems evident that the adjustment programme is yet to have any positive impact on most important development variables (see Table 1).

Before the popularized structural adjustment programme of July 1986 - June 1988, various fiscal and monetary policies were put in place in an attempt to reverse the noticeable declining phase in the Nigerian economy. There were efforts to reduce the fiscal deficit through massive reduction in expenditures; the growth of money supply was reduced from 47% in 1980 to about 10% in 1984/85; the Central Bank raised the nominal interest rates in 1984 - 85 in order to stimulate investment. Various policies affecting the external sector and the labour market failed to reverse the situation. These policies did not take into account the structure of the Nigerian economy. Government in 1984/85 privatized about eleven of its companies. These were bought by various MNCs and their surrogates.

In 1986, the full economic recovery package was unfolded after the Nigerian people rejected the IMF loan and its conditionalities. That package which mirrored any IMF/World Bank recovery programme has certain elements, which favoured MNCs. The depreciation of the Naira raised the cost of foreign exchange making it possible for only MNCs to acquire foreign exchange for investment.

For the most part, most MNCs would instruct tneir headquarters to transfer funds (very little) in foreign currency to Nigeria. This would yield enough local currency for investment and/or expansion. This situation kills indigenous initiative. A domestic investor would find it very difficult to procure foreign exchange than a MNC assuming that the latter would want to purchase foreign exchange domestically. The depreciating value of the Naira allows theoretically for the inflow of investment since it takes very little U.S dollars or British pound to invest locally. However, a cheap Naira is not the only factor influencing the inflow of private foreign investment. The point being stressed is that the issue of currency valuation favours MNCs. Furthermore, interest rates de-regulation, rationalization and restructuring of tariffs structure, trade and payments liberalization are all in favour of MNCs. These elements clear the way for more profit accumulation and market control. The Nigerian indigenization decree of 1972 has been revised allowing MNCs to invest in areas that were solely for Nigerians. MNCs are now allowed to repatriate all their profits. The economic recovery package has removed all controls and MNCs are now very free to do virtually what they want. The debt-equity conversion scheme, the privatization of public companies and the recent industrial policy are evidence that the Nigerian State has sanctioned the recolonization of the economy by MNCs, the World Bank, the IMF and their lackeys. It is erroneous to assert that foreign investment must be attracted, no matter the costs, in order to accelerate industrial development.

Table 16.1: ***Nigeria: Indices of Economic Performance, 1981 - 1989 (In %)***

Year	GDP1	P2	Un3	Ur4	Cp5	F6	M7	18
1981	-5.1	21.0	1.1	-	73.7	71.6	14.6	-2.8
1982	-3.8	8.0	-	-	63.6	73.8	13.2	6.3
1983	-8.5	23.0	4.2	2.4	49.1	72.6	-28.6	-21.6
1984	-5.5	40.0	7.9	4.4	42.0	81.5	-12.0	- 4.9
1985	2.4	6.0	9.7	5.2	37.1	88.9	19.8	15.2
1986	-4.5	5.4	9.1	4.6	38.2	98.6	3.9	-2.0
1987	1.2	10.2	12.2	6.1	40.4	93.3	33.6	19.0
1988	4.1	38.8	10.1	3.8	40.7	122.4	16.9	14.5
1989	4.0	47.5	7.1	6.2	31.0	131.4	2.2	6.6

Sources: Computed by author from:

1 Federal office of statistics. Economic and Social Statistics Bulletin. Various Issues.

2 Central Bank of Nigeria. Economic and Financial Review. Various Issues.

3 Central Bank of Nigeria. Annual Report and Statement of Accounts. December, 1988.

4 Federal Ministry of Employment, Labour and Productivity. Quarterly Bulletin of Labour Statistics, Various Issues.

Notes:

1. Gross Domestic Product at 1984 factor constant cost, annual variation.
2. Inflation rate (changes in annual composite price index;)
3. Urban Unemployment rate;
4. Rural rate of unemployment rate;
5. Capacity utilization (yearly growth rate)
6. Food crop Production Index, 1975 = 100

7. Growth of manufacturing
8. Growth of Industrial Production (manufacturing, mining and electricity).

Foreign Private Investment and Activities of Selected Companies.

Net foreign private investment in Nigeria declined consistently from 1980 to 1985 except in 1982. The total value of net foreign private investment (new direct) or FDI was x467.0 million in 1980 but reduced to x137.8 million in 1981. After the increase in 1982, the decline continued and stood at x329.7 million in 1985. This trend is not unconnected with the country's economic crises and the apparent political uncertainty. The Shagari's regime was overthrown in 1983 barely months after his re-election. In 1985 the Buhari regime was overthrown by that of Ibrahim Babangida. Political instability discourages new investors especially in a situation where other markets are readily available.

From Table A.1 in the appendix, it is clear that no new investment came from the U.S.A from 1983 - 1985. Nigeria's traditional and most reliable source of foreign investment (the U.K.) reduced investments considerably from 1983 -1985. Despite generous incentives for investors, net foreign investment (FPI) into Nigeria reduced for three consecutive years. "Although capital flows through unappropriated profits, change in foreign share capital, and trade and suppliers credit resulted in a large net inflow in 1985, disproportionately high amounts of outflows were recorded in the liabilities of foreign companies to their head offices and their other liabilities to foreign institutions outside their multinational system" (CBN, 1987, p.24). The total value of cumulative FPI exhibited similar trend - declining during 1983 - 1985. However, by country of origin, the U.K slightly increased its value of cumulative FPI from x2608.8 million in 1983 to x3594.2 million in 1985 representing an increase of 7.5%. The trend for the US, Western Europe (excluding the UK) is summarized in Table A.2 in the appendix.

Before the recessionary phase, new direct investment grew by 31.3% between 1970 - 75 but declined by -3.02% during the period of 1975 - 79. The latter decline is attributed to signs of impending crises beginning in 1977/78. In the depressionary era

(1980-85) FDI grew negatively by 6.7%. It seems apparent that the stabilization policy of government during the 1980-85 period did not attract new investment. Table 2 below also shows that total cumulative EPI grew by 17.9% before the adjustment era. In the depressionary stage, the growths of the cumulative FPI remained positive though less than the figure during the "boom." In terms of type of activity, between 1970-75, building and construction represented almost 52% of cumulative FPI, followed by trading and services (22.6%), manufacturing and processing (17.6%). In the depressionary phase, that is, 1980-85, building and construction grew only by 8% - a decrease of almost 44% when compared with the pre-depressionary era. The evidence available confirms the decline of new FPI and cumulative FPI during the depressionary phase. All efforts by the government to fine-tune their economy did not attract foreign investments. The deregulation of interest rates seemed to have further crowded out investments.

Table 16.2. ***Nigeria: Compound growth of New Direct Investment and Cumulative Foreign Private Investment by Value and Type of Activity 1970-75 (%).***

Item	1970-75	1975-95	1980-85
Total New Direct Investment	31.3	-3.02	-6.7
Total Cumulative FPI	17.9	8.4	13.5
Cumulative FPI:			
Type of Activity			
Mining and Quarrying	13.2	-16.5	1.9
Manufacturing & Processing	17.6	29.0	8.8.
Agric; Forestry & Fishing	11.4	58.4	0.9
Transport & Communication	10.6	27.6	6.7.
Building & Construction	51.8	27.5	8.0
Trading & Services	22.6	-1.0	31.2

Sources: Computed by Author from: Central Bank of Nigeria. Economic and Financial Review. Various Issues.

Profits and Turnovers of Selected MNCs:

The profit after tax in selected companies in Nigeria during the adjustment period is presented in Table A3 in the appendix. From 1983 to 1988, UAC made an after tax profit totaling x323.7 million while John Holt made a profit of x110.2 million. During the same

period, First Bank's after tax profit totalled x341.2 million. Between 1982 and 1986, Nigerian Breweries, Mobil Oil, and Texaco had after tax profits totaling x189.3m and x103.7m and x59.5m respectively. Guiness (Nig.) Ltd and Union Bank made total after tax profits of x129.5m and x154.9m from 1983 to 1986, while S.C.O.A. total after tax profit between 1985 and 1988 was x51.2m.

From the evidence above, there is no doubt that these companies realized reasonable profits during the period of adjustment. In fact, UAC (Nigeria) was partly responsible for the huge profits recorded by the World UAC group. It must be stressed that these profits represent part of the surplus value produced by the workers but appropriated by the capitalists. These profits were made in periods of high urban unemployment rates.

In terms of variation of profit after tax, Table 3 below epitomizes what has occurred during the economic recovery period. Food specialties profit grew negatively between 1982-84 by - 20.5% and the company did retrench workers despite the fact that it realized absolute profit. Between 1982-84 after tax profits of Nigerian Breweries, Mobil Oil and Texaco grew by 35%, 16.3%, and 6.2% respectively. At the height of the depression (1984-85), UAC, Mobil Oil, John Holt, Guiness, Food Specialties and First Bank after tax profit grew by 24.7%, 7.3%, 69.3%, 40%, 150% and 82.1% respectively. These growth rates are rather high when we consider the fact that the economy was in a depression. Between 1984 and 1985, thousands of workers were retrenched by these same companies hence costs were reduced thereby resulting in increased profits to the respective companies. Even when the economy begins to recover companies do not recall all dismissed workers since they (companies) realize that higher profits could be made with lesser number of workers.

Several domestic or local companies went out of business during the depression - this is the expected scenario. Infact, in developed economies established companies are known to close down during recessions. The big or large MNCs in developed countries experience losses in a depression. Most of them had to depend on their subsidiaries and/or branches abroad to survive. However, in a country like Nigeria, the pattern is different. During depression, MNCs profits continue to grow. However, when the growth of profits are compared to non-depressionary periods, for example before 1979, companies then resort to dismissing workers in order to maintain a particular rate of profit growth. When the Structural Adjustment Programme (SAP) was fully in place during 1986-88, the profit after tax of UAC grew by 51.5%; Cadbury by 19.7% while that of John Holt, SCOA and First Bank declined by -8.1%, -27.1% and -7.6% respectively. The declining growth rates of profit after tax is quite normal during depression especially as most of these companies operated below capacity.

Furthermore, a substantial part of these profits were repatriated. Though some were repatriated, some were ploughed back into the business but not necessarily in new ventures. In recent times, as a result of government policy, some MNCs have started to source for local raw materials while a few have invested in agriculture. For decades most of the MNCs were not interested in agriculture because of the long gestation period for reaping profits and a high risk in agriculture. The interest in agriculture now is not borne out of the desire to assist recovery but to acquire local raw materials thereby conserve on foreign exchange and earn more profits. Moreover, most of the companies have made so much profits that if a very little amount is spent on agriculture, it is just a tip of the iceberg.

Table 16.3: Compound Growth Rate of Profit After Tax of Selected Companies in Nigeria, 1982-1988 (In %)

Company	1982-84	1984-85	1986-1988
UAC	-	24.7	51.5
Nigerian Breweries	35.0	-52.2	-
Mobil Oil	16.3	7.3	-
John Holt	-	69.3	-8.1
Texaco	6.2	-24.0	-
Cadbury	-	11.0	19.7
Food Specialties	-20.5	150.0	-
SOCOA	-	-	-27.1
Guiness	-	40.0	-
Bata	160.8	26.5	-
First Bank	-	82.1	-7.6
Union Bank	-	44.4	29.6*

Source: Computed by Author from Data in Table A. 3 in the appendix
Notes: * for 1985-86. - Not available.

The turnover of selected companies is summarized in Table A4 in the appendix. Table 16.4 below presents the compound growth rate. It is interesting to note that for UAC, a negative turnover of -5.4% in 1984-85 resulted in a positive growth of profit after tax for the same period. For SCOA, a turnover of 34.4% in 1986-88 brought in, ceteris paribus, a profit after tax negative growth of turnover in the same period but a negative growth in profits. For some companies there is no direct relationship between turnover and profits. From the evidence in Table 16.4, in the 1984-85 period, the selected firms achieved slight growth in turnovers except for UAC and Nigerian Breweries both of which showed negative growth rates in turnovers. Though the economy was in a recession, the ban on wheat and the problems associated with obtaining Foreign exchange (Forex) partly explain the situation with the Nigerian Breweries. However, there was substantial growth in the rate of turnover between 1986-88 for UAC, John Holt, Cadbury and SCOA.

The analysis so far is based on very few companies in Nigeria yet the available data "confirm" what has happened in other big enterprises and banks. The recent proliferation of merchant banks is unprecedented in Nigeria's history. We have not examined most banks and companies because we are not quite sure of the degree of foreign investment in some of them. We have concentrated on those that are definitely subsidiaries of multinationals. Furthermore, it should be noted that some of these like the petroleum companies (Shell, Agip, Elf, etc) are in joint ventures with the Federal Government. These joint ventures minimize the risk of those subsidiaries and further increases their profit margin.

Table 16.4: Compound Rate of Turnover in Selected Companies in Nigeria, 1982-1988 (In %)

Company	1982-84	1984-85	1986-88
UAC	15.6	-5.4	32.4
Nigerian Breweries	2.9	-44.4	-
Mobil Oil	-	13.4	-

John Holt	5.3	2.9	23.1
Texaco	-	6.5	-
Cadbury	-	0.8	32.1
Food Specialities	-	43.5	-
SCOA Group	-	-	34.4
Guiness	-	3.8*	-
Bata	14.2	13.7	-

Computed by Author based on data in Table A4
Notes: - Not available
*For 1985-86

We have concentrated on profits not because it is unethical to make profits but to dismiss the thinking that MNCs are here to develop the country. Like any other capitalist enterprises, the fundamental objective of any MNC is to maximize profit given certain constraints. Development of an area is secondary. If MNCs cannot maximize profit after all efforts they will close down. Hence, during depression the desire to maximize profit is also present even if labour must be layed-off.

This analysis is preliminary in the sense that certain variables like the nature of technological transfer, research and development profiles, constant and variable capital and surplus value are necessary for a detailed study of MNCs during Nigeria's period of economic crises. Though preliminary, the study indicates that MNCs are not interested in appeals by Governments but conduct business as capitalist enterprises. Governments can attempt to regulate and possibly control some of the behaviour and activities of MNCs. This is predicated on the assumption that the government is responsible to the entire citizens and not just to a class of people.

Recommendations and Conclusion

Based on our analysis and given the known character of MNCs in general and in developing countries in particular, it is difficult to make recommendations affecting MNCs. However, within the context of Nigeria, especially as she tries to riggle out of the depression, we suggest the following:

1. MNCs must be mandated to employ two unemployed persons for every x1 million profit after tax realized - this

would assist in reducing the unemployment problem. One of the employed should be a graduate;
2. Government must ensure that MNCs continue to pursue vigorously research and development within the country;
3. Small scale and medium level industrialists must be encouraged and supported. Nigeria's future growth and development depend on local initiative and efforts. Evidence shows that new foreign investments have not been atracted despite the liberal policies offered under SAP and the new industrial policy. MNCs never develop the country though we could learn from them.
4. The value of the Naira to other currencies like US dollar, British sterling must not be allowed to be determined largely by market forces. Only MNCs benefit under such a situation as indigenous owned businesses and prospective ones find it difficult to procure foreign exchange. After-all, the depreciation of the Naira has not led to any appreciable inflow of investments.
5. There is need to continue to monitor seriously the activities of MNCs in the Country. This will minimize fraudulent practices.

CONCLUSION:

There was no substantive inflow of new private investment in the Nigerian economy during the period of structural adjustment. Between 1975 - 79 and 1980-85, new direct investment reduced by -3.02% and -6.7% respectively. However, the value of cumulative foreign private investment indicated slight growth during the same period. It is clear that it would be difficult to attract new investment not only because of the developments in Eastern Europe but also of the fact that Nigeria is not the only market in the world. The degree of political uncertainty, red-tapism, the collapse of basic infrastructures like the incessant disruption of electric power, will scare away potential investors.

However, the existing MNCs in the country continued to realize huge profits during the period of austerity and adjustment. Though, for some of the companies, the growth of profit after tax declined substantially during adjustment. This is not surprising when we consider the low turnover and under capacity utilization. None of the companies analyzed experienced losses during the recovery programme. Since Nigeria is developing capitalism, she would find it rather difficult to regulate or control MNCs because under such a scenario the State supports and collaborates with multinationals.

Since no social formation continues forever, we have made some recommendations that would ensure the establishment of indigenous businesses. Any serious government cannot allow MNCs to control its economy. A people-oriented government must continue to make life "difficult" for MNCs while at the same time formulating and implementing strategies and programmes for self-reliance. This paper though preliminary, gives an insight into the direction of foreign private investment and the profit profiles of selected companies during the country's economic malaise.

APPENDIX

Table 1: ***Nigeria: value of Net Foreign Private (New Direct Investments by Country of Origin, 1980-85 (N million))***

Year	UK	USA	Western Europe[1]	Others	Total
1980	318.2	0.4	131.2	17.2	467.0
1981	7.4	-127.6	242.8	15.2	137.8
1982	564.6	733.0	207.6	119.7	1624.9
1983	615.0	-200.6	126.6	25.7	566.7
1984	510.6	-6.1	-25.1	65.4	534.8
1985	484.8	-94.7	-58.0	-2.4	329.7

Source: Central Bank of Nigeria. Economic and Financial Review, Various Issues.

Notes: 1 Excludes the United Kingdom
2 Unspecified.

Table 2: ***Nigeria: Value of Cumulative Foreign Private Investments by Country of Origin, 1979-85 (N million).***

Year	UK	USA	Western Europe[1]	Others[2]	Total
1979	1103.6	565.8	976.0	507.7	3153.1
1980	1421.8	566.2	1107.2	524.9	3620.1
1981	1429.2	438.6	1350.0	540.1	3757.9
1982	1993.8	1171.6	1557.6	659.8	5382.8
1983	2608.8	971.0	1684.2	685.5	5949.5
1984	3109.4	964.9	1659.1	750.9	6484.3
1985	3594.2	870.2	1601.1	748.5	6814.0

Source: Same as Table 1 Above.
Notes: See Table 1 above.

Table 3: ***Profit After tax in Selected Companies in Nigeria 1982-88 (N million)***

Company	82	83	84	85	86	87	88
UAC	-	13.6	30.96	38.6	44.0	51.0	101.0
Nigerian Breweries	30.4	49.4	55.4	26.5	27.6	-	-
Mobil Oil	19.3	13.	26.1	28.0	16.4	-	-
John Holt	-	10.1	13.7	23.2	22.4	21.9	18.9
Texaco	13.3	14.5	15.0	11.4	5.3	-	-
Cadbury	-	5.6	8.2	9.1	7.4	6.7	10.6
Food Specialisties	7.6	13.0	4.8	12.0	14.3	-	-
SCOA Group	-	-	-	13.9	16.0	12.8	8.5
Guiness	-	31.7	27.0	37.8	33.0	-	-
Bata	0.5	2.7	3.4	4.3	5.7	-	-
First Bank	-	29.9	2.1	53.0	87.0	68.0	74.2
Union Bank	-	30.6	28.8	41.6	53.9	-	-

Source: 1. UBA. Monthly Business & Economic Digest, Various Issues, Lagos.
2. Worldwide Business Media. Nigeria's Business Magazine, May, 1989.
3. National Dailies
4. Companies Annual Reports

Notes:
- Not available

Table. 4: ***Turnover of Selected Companies in Nigeria, 1982-1988 (N million)***

Company	82	83	84	85	86	87	88
UAC	-	719.1	596.0	551.4	564.4	564.4	967.0
Nigerian Breweries	241.1	317.4	322.1	17.1	205.5	-	-
Mobil Oil	307.7	383.4	290.1	329.0	434.8	-	-
John Holt	-	264.6	238.4	245.3	267.8	288.6	406.1
Cadbury	-	119.3	111.8	112.7	122.2	125.6	213.3
Texaco	180.5	219.1	200.3	213.2	350.4	-	-
Food Specialities	-	152.6	71.3	102.3	96.2	-	-
SCOA Group	-	-		481.6	437.3	581.1	790.1
Guiness	-	-	-	258.2	268.1	-	-
Bata	31.8	38.3	41.5	47.2	50.8	-	-

Source: See Table A. 3
Notes:
- Not available