Trade Liberalization and the Collapse of the Nigerian Textile Industry

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Abstract

This study examines the circumstances leading to the imminent collapse of the Nigerian textile industry. With a decline from124 to 45 firms between 1994 and 2005, a decrease in employment by 87% from 150,000 to about 20,000 in that period, and the few surviving firms operating at less than 40% installed capacity; total collapse of the industry is imminent. This state of affairs is attributed to the pressure to liberalize international trade by bi-lateral and multi-lateral interests and the uneconomic infrastructure status of the domestic economy. To explore the effect of this condition, a checklist was completed by the workers' and employers' unions in the industry. Also executives, former employees and employees of shut and surviving firms were interviewed. The results were triangulated with facts derived from content analysis of relevant secondary documents. From this Nigerian experience, it is deduced that contrary to the belief widely held by some scholars in advanced capitalist economies that neo-liberal globalization has brought prosperity to rich and poor countries alike; neo-liberal globalization does not bring prosperity to all of mankind. Instead, some of its concomitants portend misery and despair from de-industrialization to marginal players in global capitalism. Drawing empirical justification from the late 2008 global financial crisis and the advanced countries' bail-out plans, cautious domestic economic protectionism, continued government regulation and monitoring of private capitalist operators as well as revamping domestic industrial infrastructure are advocated to save the textile industry in Nigeria from eventually going under.

Introduction

The textile manufacturing industry in Nigeria is over 50 years old. But in the last decade (1997-2007), the sector has been bedeviled with structural instability and a tendency towards total collapse. Most textile manufacturing firms have shut down in Lagos, Kaduna and Kano the three cities where majority of the firms in the industry are concentrated. But the stalls, shops and open markets all over the country are awash with cheap, imported, used as well as new clothes and textile products. This is a contradiction that is a sad replay of the de-industrializing experience of the other real sectors such as agriculture, manufacturing, oil and mineral extraction and construction in Nigeria's under-developed economy since 1986 (See Adejugbe, 2002, 2006; Ishola, 2005). The few companies in the textile industry that are still operating are tending towards comatose, producing at less than 40 percent of installed capacity. Deriving from this situation, the objective of this contribution is to inquire into the remote and immediate causes of this threat of imminent collapse in an otherwise leading industry in the Nigerian economy in the decades immediately following de-colonization in 1960. This will be followed by logically deduced suggestions on what is to be done to save the sub-sector.

Accordingly, this paper is divided into eight parts. After the introduction, the next part addresses the current situation in the industry as a further articulation of the problem being studied which was begun in the introduction. The third dwells on the methods of inquiry. In the fourth section the presentation of the findings is begun with a preliminary discussion of the characteristics of the Nigerian textile industry. The fifth segment is devoted to the examination of the other features of the industry before the decline. In the sixth part of the paper, the contribution of public policy to the crisis in the industry is discussed. The seventh part provides the theoretical explanation of the crisis in the industry. Finally, the eighth part treats the conclusions from the foregoing analyses and is ended with some suggestions on the way foreword.

The Current state of the Nigerian Textile Industry

The situation of the Nigerian textile industry today is one of policy inconsistencies, low capacity utilization, foreign domination and control; plant closures mass lay-offs, dismantling of factories, industry-wide instability and tragic social consequences. This is inspite of the fact that indigenous textile industry had thrived in many Nigerian towns for over ten centuries before the British colonization (Adejugbe, 2006). According to an official publication of the textile workers union, before 1997 when Nigeria signed the World Trade Organization (WTO) Agreement, the Nigerian textile industry was the third largest in Africa after Egypt and South Africa. It was the largest employer of labour second only to government with over one million direct and indirect employees. There were well over 250 vibrant factories and the industry's average capacity utilization was over 50 percent. The secured captive market for raw cotton was said to be 250,000 tons of cotton. The local industry consumed a high percentage of local cotton and polyester thus paving the way for the much desired backward integration in the economy (NUTGTWN Handbill, 2006). Also before 1997, local textile manufacture accounted for over 70 percent of the total national cloth and garment needs in the country. Many families all over the country depended on income from the industry for their livelihood and for sustenance. Even though the industry was dominated by Asians, it provided employment for over one million Nigerians. It also produced to satisfy local tastes, fads and fashions and production was domestic market-driven. At its peak in mid -1970 to the early 1980s, the industry yielded annual revenue of over one billion naira in taxes, duties and other rates to government. (BusinessDay, Friday Oct. 20, 2006 p.1)(at that time N130 = 1US dollar)

However, since 1997, following the intensification of its mainstreaming and liberalization policy by subsequent Nigerian governments through the signing of the WTO Agreement and institutionalization of free movement of men and goods across the country's borders, the industry fell into an era of rapid decline if not total collapse. Since that date, over 100 firms have shut down.

By 2006, over 50 firms were in severe distress while just about only 10 firms were in stable condition. It is also recorded that over 100,000 direct jobs had been lost to retrenchment and outright closures in the period (NUTGTWN Handbill, 2006). Sometimes, analysis couched in absolute statistics does not draw out in graphic details the seriousness of a situation. Relative comparisons, on the other hand, are more revealing. In 1994 there were 124 textile manufacturing firms in Nigeria. This number had dropped to only 45 in 2005, that is, a 64 percent reduction. The number of workers directly employed in the industry also declined by 87 percent from 150,000 in 1995 to less than 20, 000 in 2005 (NUTGTWN Handbill, 2006). Many of the firms that seized operation were among the key players in the industry and in the Nigerian economy. Some of them had performed well in the past while many had good economic prospects. For example, when United Nigeria Textile Limited, Kaduna shut down its operations in 2007, it went down with 4,000 workers (BusinessDay Tuesday, October 09, 2007). A few of them were quoted in the Nigerian Stock Exchange before their demise. Such firms include Aba Textile Mill Plc, Afprint Nigeria Plc, Asaba Textile Mill Plc, and Arewa Textile Mill Plc. So it was not just a matter of low turnover or small size that accounted for the massive collapse. The 'hurricane' did not respect size or previous performance. Thus, as at 2004, of the 70 companies left in the industry, only 45 or 60 percent were still operational and registered with the textile industry trading group. The remaining 25 or 40 percent were small firms with annual turnover of less than one million naira. In that year, installed capacity had declined by 31 percent to 1.4 billion metres of fabric per annum from 1.7 metres in 2002 (NUTGTWN Handbill, 2006). Similarly, capacity utilization in 2004 had dropped to 28 percent. This may be compared with the average capacity utilization in the entire manufacturing industry which stood at 45% during the same period (Adejugbe, 2006). Consequently by that year, that is, 2004 the contribution of the textile industry to the GDP which a decade earlier was the second highest employer of labour in the national economy after the government was only 0.5 percent. The loss to the national economy can also be viewed from another perspective. With a population of 140 million (NPC, 2006), Nigeria's annual consumption of textiles should be about 2 billion metres using an estimated average consumption of 15 yards of cloth per person per year (NUTGTWN Handbill, 2006). Given the annual estimate of imported textiles into Nigeria which stands at between 70-90 percent of the total needs (NUTGTWN Handbill, 2006), the collapse of the industry involves the country in huge foreign exchange 'haemmhorage' to fund such imports. From all indications, the outlook in the industry is bleak and the trends disturbing. The industry is not only unstable but threatened with imminent collapse. The question is why is the situation so?

Method of Inquiry

Three methods of data gathering were used. These comprised two checklists, interview of key personnel, and use of secondary materials available on the industry. Of the two checklists, one was for shut-down firms and the other for surviving companies. Both checklists sought for the following information, namely: name of company, location, ownership, date of establishment, nature of business, types of products, etc. For shut down firms, additional information required were: date of closure, reasons/factors responsible for shutting down, number of employees at the peak of business and at closure, location of owners after closure, state of the machines and equipment, current use of premises, etc. For surviving firms, additional information required were: current capacity utilization, gross annual turnover (immediate past financial year), profit/loss situation in last financial year, and operational difficulties. A copy each of the two checklists was sent to the National Union of Textile, Garment and Tailoring Workers of Nigeria (NUTGTWN) and the National Association of Textile, Garment and Tailoring Employers of Nigeria (NATGTEN) for completion. The completed checklists were subjected to simple qualitative analysis. Key officials of both Unions and a few management staff of shut and surviving firms were interviewed essentially to double-check on the completed checklists and clarify emergent points. Existing documents on various aspects of the industry were also relied upon particularly the leaflets published by the Workers' Union to draw the attention of the public to the rapidly deteriorating condition in the industry. The results are presented in the various segments of this paper.

Characteristics of Nigerian Textile Firms

Textile manufacturing in Nigeria has been by firms substantially owned and/or managed by foreign nationals. They are predominantly of Asian or Middle East descent. There are a few European and American interests. Initially, most firms were joint ventures with governments but in recent times with private Nigerian investors. For example, the first textile firm in Nigeria, Kaduna Textile Mill, was established in 1956 by a British firm in partnership with the government of the then Northern Nigeria. The United Nigeria Textile Mills and Arewa Textile Mills which came on stream in the early 1960s were also joint ventures. Similarly, Afprint, Asaba Mills, Enpee Industries, Aswani Textiles and Five Star Industries which were established in the late 1960s were joint ventures as well. Only a few were either wholly foreign or Nigerian owned (Kilby, 1969). The 1970s could rightly be regarded as the boom era when most firms were established. It was true though that in most firms the foreign partners were the core investors with requisite experience in the industry. In majority of cases, the foreign partners were responsible for the day-to day management of those firms while Nigerians sat on the Board as shadow members to fulfill legal requirements for incorporation. A few key management positions were left for the Nigerian owners who often nominated surrogates to occupy those positions and to keep them abreast with happenings in those businesses. The foreign interests were motivated primarily by the desire to make profit. This is natural and nationalistic commitment to their host economy was a remote priority. Consequently, there were times that profit was achieved only at great expense to the local economy.

About nine out of ten Nigerian textile firms were concentrated in three major locations. These are Lagos, Kaduna and Kano. In these towns the tendency is for firms to locate near each other. In Lagos they were mainly located in the Ikeja-Ilupeju-Matori industrial area. A few companies were located in far away places isolated from the rest. Some examples were Asaba, Aba, and Gusau. The advantages of close proximity were many. They were able to share trade news, business secrets, and to put collective pressure upon security agencies and public utility organizations for efficient services. They equally shared the operational problems in their environment in common. Most of the firms were medium scale enterprises, with average staff strength of 500 workers. Quite a few companies, such as the gigantic United Nigeria Textiles Limited, with staff strength of 7,918 and one of the few surviving enterprises, employ a work force above that average. With such small operations most companies did not have any amour against threat to business failure the kind that United Nigeria Textiles Plc has availed itself of (BusinessDay, 2006 ibid. p.1). As mentioned earlier, this 'giant' ultimately also went down in 2007.

With the decline in the agricultural sector, the sector that was the first to bear the brunt of the massive intrusion of oil money into the economy, low local cotton production meant that most companies had to import their inputs from abroad. This is a practice that reduced the chances of backward integration in the industry, and, not rooted in the local economy, there was no shield against foreign trade policy adversity. Importation of raw inputs also meant higher production cost.

Most firms were engaged in largely the same kind of business activities, that is, spinning and weaving. There was unhealthy competition for the small quantity of cotton that was locally available. This drove up production price and the price of finished products. Higher and non-competitive production price at home helped to quicken the ailment in the sub-sector. Thus from 2001 to 2005, several companies went under. What took fifty years to build crumbled in only four years (BusinessDay, 2006 ibid. p.2).

Another useful revelation in the course of the inquiry is that most of the firms that shut down abandoned their leasehold on their premises, sold their machinery and their managers and owners fled the country to other economies where the production environment were considered to be more favourable. The implication of this is that for several firms, the closure is total and final not temporary. This is a factor that should be of interest to the government salvage Committee. On the reason for closure, most firms cited poor sales and smuggling. Most of the few surviving companies are in conditions of distress. A few are running at a loss hoping that government antidotes might soon bring a cure. They all complain of poor sales, stocked warehouses, and inadequate infrastructure. In concluding this section, it would appear that the lack of diversification by firms in the industry in terms of the similarity of business, products and organizational characteristics made the fall an irredeemable one for most companies. The similarity in the small scale of operation across the firms, the contiguous spatial location, similar mainly foreign ownership structure, similarity in the external sourcing of raw materials, common target markets, that is, the low income consumer etc, all ensured that a common set of public policies took all of them in one blow as if they were all cloned from the same embryo. It is reasonable to suggest therefore that product differentiation and ownership diversification are inevitable changes that must be introduced into the industry to avoid a re-occurrence of this experience. Those sources of built-in inefficiency which made the firms uncompetitive will have to be addressed.

Nigerian Textile Industry before the Reforms

It is considered appropriate in order for the reader to grasp the depth of the current state of decay in this industry to present some sketch of the position of the industry in the national economy before the reform agenda. The reader could then draw own inferences to assess the conclusions reached.

Historically, the textile industry is one of the oldest in the Nigerian economy and was a source of pride to the country even before independence in 1960. Even in pre-colonial times, cloth weaving was a major manufacturing activity in many Nigerian towns, though not up to the scale that it later developed into in colonial and immediate post-colonial Nigeria. Cloth was a favoured item in the long distance trade with North Africa, the Maghreb and Europe. In pre-colonial times, the city of Kano had many specialized cotton producers (Awe, 2001). Imported cotton arrived with the early colonial merchants. These imports soon monopolized the cotton textile market and destroyed the indigenous textile firms.

Consequently, by the 1950s European textile industries dominated the Nigerian scene. Among these enterprises was the firm of David Whitehead and Sons of Lancashire, which established the Kaduna Textiles Limited in 1956 in partnership with the Northern Nigerian government. Kaduna Textiles Limited depended on imported automatic looms. By 1964, it was operating 1,200 looms and 50,000 spindles. Its output in 1966 amounted to 37 million metres of textile materials (Kilby, 1969)

After 1960, textiles became the leading import substituting activity, this time mainly by Indians and Japanese. By 1980, the industry had 100 major plants employing some 100,000 workers. This was about 20 percent of all the manufacturing positions in the country at that time (Awe, 2003). By world standards it was held that the technological level and the output mix of Nigerian textiles was among the highest. For example, in Africa, only Egypt and South Africa could claim larger production capacity. Up till 1970 when the domestic cotton output fell, Nigerian textile manufacturing had a solid domestic raw material base. By the early 1980s only close to 50 percent of installed capacity was being utilized (Awe, 2003). During the peak of this industry in the 1970s and 1980s factories had been established in Ikeja, Ikorodu, Isolo and Ilupeju areas of Lagos State. There were also factories in Asaba, and Aba in addition to those that had sprung up in Kaduna and the traditional home of textile manufacturing, Kano. Thus although this industry was foreign-dominated it nonetheless provided employment to many Nigerians and at the same time contributed its fair share to the growth of the national economy. However we must also not gloss over the fact that the seed of destruction of that industry was sown in its being foreign dominated. Thus although a British enterprise was the first to set up a modern textile factory in Kano, British effort in the manufacturing was soon after independence overtaken by business interests from Asia and the Middle East. Indians, Japanese, Chinese, Lebanese, and Syrians featured prominently in the 1970s. British multinationals such as John Holt, Lever Brothers, Nigerian Tobacco Company, Nigerian Breweries, United African Company, Paterson and Zochnis and United African Company merely sold products of British manufactories in the colony. The official policy was not to encourage the manufacture of products in the colonies to compete with products originating from their national economy back home. Consequently, neither the firms nor the British government initiated the transition from trading to manufacturing (Williams, 1976)

Policy Contradictions and the Demise of the Nigerian Textile Manufacturing Sector

The study points to deep industrial and trade policy inconsistencies in the sub-sector. There are policies that are irreconcilable with the realities in the industry and that at best can only yield tragic and contradictory results. Indeed they have produced tragic results and the sector is the worse for it. For instance, one factor that has been responsible for the impressive performance of this sub-sector in the past is that it was shielded from the intense competition from the industrial and technological giants of Asia, Europe and America. But in recent times, this protectionist policy has crumbled and given way to liberalization, free competition, open door, and free and unhindered movement of goods into the Nigerian economy. This policy has failed to heed the cautionary remarks by Friedmann against market fundamentalism that:

> The philosophy of the free play of economic forces is thus no longer accepted by any contemporary democracy. The right of

> every citizen to a minimum standard of living as a condition of liberty and human dignity is usually accepted even though the implementation of this idea lags far behind the operation. This means the acknowledgment of the positive role of the state and the use of law for the attainment of certain economic and social ends. Beyond this generally accepted minimum there remain vast divergence not only on the scope of this deliberate correction of the free play of economic forces, but on the instrumentalities (Friedmann, 1971:23)

The huge cost implications of turning a deaf ear to this old but epochal pronouncement are the things that motivated this study. The global financial melt-down and the massive bail-out plans constituting ingestion of huge public funds into private enterprise in America and Europe in the last quarter of 2008 is clear evidence that free enterprise or market fundamentalism is compromised by the greed and obsession for profit by the operators. It is clear now that the issue in the post-modern economy is no longer whether regulation, monitoring and control of private capitalism by governments and the guardians of public morality is desirable. The question now is rather what mode of control and how much control is desirable. As Friedmann underscored in that prophetic pronouncement thirty-seven years earlier, the duty of care which the state owes the citizens mandates it to continue to intervene and to regulate the national economy and that mandate is superior in all probability to the upholding of the infallibility of an ideological value.

For avoidance of doubt, the policy of mainstreaming the Nigerian economy began way back in 1986 with the Structural Adjustment Programmeme (SAP). Entering into the WTO Agreement in 1997 was in furtherance of this same objective just as SAP.

Two trade policy decision errors occasioning business failure in the industry are worthy of mention. One is the signing of the WTO Agreement by Nigeria in 1997 the objective of which is to facilitate free movement of goods and services between member countries. This policy was in conflict with import prohibition which the country had to resort to occasionally as an instrument of trade policy a violation of a vast array of global trade liberalization instruments. For example, apart from the WTO, GATT, ECOWAS, the European Union and the African Union have interest in the lowering of tariff barriers or complete elimination of tariff walls in order to facilitate free flow of men and materials across national boundaries. The backlash of the desire to promote free trade between Nigeria and the countries in the sub-region is that it hurts the Nigerian economy because some of these neighbours and their Nigerian collaborators take advantage of the policy to smuggle contrabands into the Nigerian market in order to tap into the huge market which her huge population and substantial oil-leveraged buying power provides. At such times when the country embarked on trade restriction measures to protect the local economy, complaints had been received from diverse quarters. From 1984 GATT and WTO have been having consultations with the Nigerian authorities over import restrictions aimed at correcting her balance of payment disadvantages.

The European Union and the Republic of Benin had raised issues with Nigerian trade bans which the Benin authorities saw as a violation of the Memorandum of Understanding between the two countries on continuous trade liberalization. The government of Norway sometime complained about the prohibition of import of stockfish. Ivory Coast had complained about the ban on textiles importation while the United States complained about the prohibition of wheat and rice (BusinessDay, 2006). Aremu (2005) had lucidly explained the nature of the economic problems that afflict peripheral economies such as the Nigeria economy within the WTO. Similarly, an April 2004 Report of the Development Information Network (DevNet) on the impact of globalization and trade liberalization processes on the Nigerian economy had revealed the deleterious consequences of trade liberalization policy. Some of the effects mentioned are increased migration, rise in crime waves and other social vices, import surge and drain in government revenue. Talking about surge in imports many of those interviewed in the course of this study pointed out that the domestic markets have faced major threats from smugglers who import cheaper textile fabrics from neighbouring countries and sell at prices which are far below market prices. This practice invariably stifles the growth of the domestic textile industry. These smugglers bring in their goods through the sea ports in the coastal areas and particularly through the land borders. The most notorious land borders are Idiroko and Seme in Ogun State. Others are Maradi and Jibiya northern borders with Niger Republic. This dimension of the problem implicates the domestic dimension of the problem. The borders are porous because the Customs officials and the other related Services are not living up to expectation. Government in 2002 banned the importation of textiles hoping that that would help to shore up the sector. But by 2008 the ban was lifted government complaining that the players in the sector misrepresented the true position of the industry. The government's complaint was that it was misled into believing that the domestic supply would be enough to meet local demands after the ban which turned out not to be so and thereby leading to shortage of supply and fueling of smuggling of textile materials into the domestic market. Government however got it wrong. What led to the decline of domestic supply capacity was the massive closure of the local firms for reasons that that same government cannot deny culpability.

Another dimension of the domestic contribution to this problem is the high cost of production in the domestic economy. This is because local industries have to generate their own electricity to power their plants, provide water to for their business, arrange their own security, telephone, medical services and sometimes even fire service because public supply of these utilities is epileptic. Meanwhile, the price of diesel fuel has continued to rise in the last decade. Similarly, the price of Black Oil, a major input into textile manufacturing and itself an oil product has been rising in along with the other petroleum products. (For an account of the chronology of rises in the price of oil products in Nigeria in the last three decades see Fawehinmi (2002)). These things push up local production prices and by implication, price per unit item of textile produced locally. The natural consequence of this is that imported textiles are relatively cheaper thereby pushing demand for local manufactures even lower in favour of smuggled textiles.

The second policy error, an off-shoot of the first is the signing of a Memorandum of Understanding with the government of the Republic of Benin in November 2004 for the free movement of goods and services across their common borders. The opening of the common borders compounded the menace of smuggling and the nightmare of the Nigerian textile manufacturers. The economy of the Republic of Benin is basically stimulated by smuggling into Nigeria. Benin sea port is a trading post for goods made in China, Taiwan, Japan, Malaysia, other Asian countries, Europe and North America that are bound for Nigeria through smuggling. Given this scenario, it was only natural that the border agreement further compounded the problem of smuggling which impacted negatively on the fortunes of the textile industry in Nigeria.

When the adverse effects of these policies began to manifest, government initially ignored the complaints from that sector. But as the firms began to shut down it became obvious that policy roll back was inevitable. Consequently, in 2004 some concessions were granted to textile manufacturers. For example, the price of Black Oil, a major input in the industry was reduced and pegged at N12.21 per litre in April of that year. That same year, there was also a reduction of import duty on spare parts. A policy on ways to curb smuggling was quickly announced. In May 2004, a ban on importation of textiles was also announced. But these measures did not make too much of an impact. It was as though they came too late because the smugglers had perfected their contingency plans. It was also suspecected that the law enforcement agencies were not discharging their official responsibility with due commitment. As a result, the Nigerian market continued to be inundated with cheap, smuggled textiles (BusinessDay, Friday Oct. 20, 2006 pp.1-2).

By 2006, as more firms shut down government thought of more remedial measures. It was obvious that the matter had assumed an alarming proportion. So on July 24, 2006 the government set up a ten-man Presidential inter-ministerial Committee to manage a 50 billion Naira Textile Industry Revitalization Fund. Curiously, membership of the Committee comprised the officials from the same government departments whose advice compounded the policy on external trade in the first instance. The Committee had as its chairman, the Minister of Finance. Some other members comprised the Governor of the Central Bank, the Ministers of Agriculture and Industry, representatives of textile manufacturers, and cotton farmers etc. Two problems militated against this measure. One is what one may describe as 'insider dealing' which denied the Committee the opportunity of fresh and alternative ideas on how to solve the problem that could have been brought in from outside the federal cabinet or 'inner government'. Another issue is the habit of government just throwing money at problems without aetiological and contextual diagnosis or any iota of confidence that money could solve the problem. This stands as a case of wrong definition and consequent misunderstanding of the nature of the problem. Rather than money, this industry deserves to be indigenized by encouraging local investors to move into the industry. This industry before the melt-down was characterized by over 95% foreign ownership. Efforts must be directed at correcting this lopsidedness in ownership. The collapse of the industry might have been less catastrophic if the entrepreneurs were predominantly Nigerians. The dynamics of nationalism might have slowed the swift shot-down response of the foreign investors in the sector who, propelled primarily by the profit motive, moved quickly into other business areas particularly, importation of finished goods. However, for the Nigerian investor to be motivated to move into this area, the energy and infrastructure crisis in the wider economy as well as the policy contradictions besetting the textile industry must be addressed. This is where the solution will ultimately lie. There was no clear identification of the specific things that the money voted may be used for. The immediate solution is not sharing money for potential cotton producers. Even if money is made available to them their products may not be bought off them unless those textile firms that will use this commodity are themselves encouraged to resume operations. Their operational environment must be repositioned so that textiles produced in the domestic market would acquire competitive price status in comparison with imported textiles whether smuggled in or brought in legitimately.

More than two years after the constitution of the Committee, the textile industry still lies where it fell, in prostate comatose, without any visible sign of recovery. The situation became so desperate and worrisome that President Obasanjo's Government shortly before they left office in the second quarter of 2007 increased the sum budgeted for the work of the Committee from N50 billion to N130 billion. Yet, the industry is defying all pecuniary diagnosis and prognosis due to wrong notion about the origin of the problem. The problem is either officially deliberately misunderstood or mischievously misinterpreted so as shift the blame of its causation away from the laps of government.

Theoretical Interrogation of Liberalization and Collapse of Nigerian Textile Industry

How do we explain the sudden demise of the Nigerian Textile industry? Why does the ailing industry defy the official pecuniary antidotes? The difficulty being experienced in the Nigerian textile industry is a result of reckless official policy of economic and trade liberalization without cautionary safeguards. Liberalization is a constituent policy instrument of globalization which, itself, is a feature of advanced capitalism. Little wonder then that Ninalowo (2005:1), defined globalization as 'obscured neo-imperialism'. Similarly, Nwabueze (2006:11) described the same phenomenon as 'a euphemism for neo-liberal imperialism'. The obvious deduction from these definitions is that globalization is subversive of development and industrialization in the less developed economies, though it may yield quite opposite result in the predator economies. There is no doubt that these definitions are influenced by the experiences of Nigeria and some other prey economies of the South but they are nonetheless mirrors of economic reality in this hemisphere. These modes of conceptualization of globalization run counter to the views of some leading Western scholars and institutions. Some of these are: DFID, 2000; World Bank, 2002; IMF, 1997; Giddens, 2000; Wolf, 2001.The view of Anthony Giddens is a fair representation of this common mode of conceptualization. He has postulated that globalization policies have led to reduction in global poverty and income inequality due to greater economic integration in the world economy.

The statistics show that the world economy is growing and so also is global prosperity. But the distribution of this prosperity across the countries of the two hemispheres- the North and the South- is quite another matter. Examples are quickly drawn from India and China to illustrate the growing share of emerging markets out of current world trade. It is not pointed out that as India and China are undeniably growing, the structural inequality in the distribution of world economic power persists and is even widening. For example, while India and China account for 40 percent of world population, they both account for only 6 percent of world economic output in 2006. By comparison, America, Japan, and Western Europe with just 15 percent of world population control 80 percent of world economic output (Gumbel, 2007).

Although the middle class in many Northern economies complain against globalization because the increase in economic output within their economies perhaps does not translate into higher incomes for them, the world should not discountenance the anti-globalization protests that follow the meeting of the Group of Seven (G-7) industrialized countries everywhere they go to meet as a mere fluke. Those protests indeed arise from the reality of worsening poverty in many developing countries and the powers in the North know this but feel it is okay as long as their economies remain the prime beneficiaries of the lopsided distribution. Prosperity out of globalization is not Nigeria's experience and scores of scholars have risen in opposition to that statement. (On this see among others Kiely, 2005; Ninalowo, 2005; Adejugbe, 2002, 2006; Ishola, 2005; Nwabueze, 2006; Aremu, 2005). From all indications, the evidence from the Nigerian textile industry belies this optimism. Giddens (2000:29) attributes persistent poverty and underdevelopment in the South to what he calls 'internal forces' such as corruption, conflict, and authoritarianism and low emancipation of women. But it is true that these problems also exist in the developed world. Moreover, within the context of peripheral societies (an obvious reality which some Western scholars claim has been obliterated by the forces of globalization), it is virtually impossible to draw a line between internal and external forces. The two determinants of internal conditions in dependent countries are the indigenous ruling class and international capitalist interests. In any given situation, it is impossible to separate culpability between these two power blocks. Giddens concludes that poverty persists in poor countries because they have not globalized enough. But Nigeria's attempt to liberalize further and to globalize deeper led it into an agreement with World Trade Organization (WTO) in 1997 leading to the opening of her land border with the Republic of Benin in 2004. What she got in return was neither growth nor prosperity. Instead, what she received was the ruining of the manufacturing sector in general and the textile industry in particular, a phenomenon which experts have described as de-industrialization of the country's economy (see Ishola, 2005).

Nigeria was not prepared for what she got probably because the consequences were not anticipated. The policy did not only cripple local industries it wiped off jobs leading to massive unemployment, industrial closures and social tension (Guardian Newspaper, April 8, 2003 p. 14) As is the case everywhere, some of the contributory factors to this situation are internally located but they might not necessarily be internal in their origin. One such problem is what this writer in another context (Nwabueze, 2006) described as exogeneity. Exogeneity is described as the disproportional external orientation of a government, in this instance, the Obasanjo administration which was in power between 1999 and 2007. In an exogenously oriented government what ever concerns the powerful foreign economic and political interests is priority. Perhaps this explains the settlement of the debt owed to the Paris Club to the tune of US12.5 billion dollars from an economy in which jobs are not available to qualified citizens, where hospitals have no drugs, where over 60 percent of its people have no access to portable water, where average life expectancy is less than 50 years, where electricity supply is an epileptic hindrance to national productivity, where school laboratories and workshops lack up-to-date equipment, where poverty is legitimate culture and over 70 percent of the population live on less than US$1 a day. This is in an economy where it is a greater priority of government to amass foreign reserves and appoint foreign financial experts to advice it on disbursement while at home, homelessness, joblessness, decaying infrastructure, science schools without equipped laboratories, hospitals that are mere consulting clinics, and brain drain to those economies where the financial reserves are kept in search of better opportunities is the order of the day. Yes, this internal contradiction is there but Giddens should properly factor this scenario into his analysis as only one part of the solution on how a prey economy can succeed under a globalized world rather than see it as the only obstacle to economic prosperity. Those internal problems could probably not be determinately addressed without dealing at the same time with the external forces. The scenario created in the above illustration suggests the fruitlessness of separating the internal from the external. The conclusion reached by Giddens is rather hasty and not fully thought through. His statement sprang from the point of view of the interest of advanced capitalism alone. Lenin (1968) characterized imperialism as the highest stage of capitalism. This is the same stage that is being described variously today as post-capitalism, post-modernism, post-industrialism, post-bureaucratic society, post-Fordism, or global society. It is the consequences of the highest stage of imperialism that the developing economies including Nigeria are suffering in a hidden or disguised form re-christened as globalization.

Conclusion

In this work we have tried to present as vividly as possible the structural and policy crises in the Nigerian textile industry where in eleven years (1994-2005) the number of operating firms dwindled sharply by about 64 percent from 125 to 45. We traced the origin of this situation to the implementation of neo-liberal economic reforms by successive governments in Nigeria since1986 and the resulting open door policy which flooded the Nigerian market with textile imports from Europe and Asia to the disadvantage of domestic textile manufacturers. In order to understand the situation better, an effort was made to sketch the structure and characteristics of the firms in the industry which revealed some internal weaknesses that might have contributed to the free fall in the industry. We also took a look at the industry before the reform process drawing out that the sub-sector was a source of economic strength to the country prior to 1986. The section on theoretical framework was devoted to explaining the contradiction between neo-liberal economic reforms and de-industrialization of dependent economies with the help of social theory. The theoretical framework led to some suggestions on ways to revamp the industry. It pointed out that the problems of the textile industry are not peculiar to that industry. These problems are common problems of the entire manufacturing industries as a whole. Similarly, the trade policy errors are a reflection of the general trade and industrialization policy gaps in the wider Nigerian economy. Consequently, there will be need for economy-wide internal structural adjustments that will have implications for the needed repositioning of the Nigerian economy so as to derive greater benefits from participation in the global economy.

It is recommended that where liberalization of any under-developed economy must be considered, it must be cautious and selective, the way that China is going about it. It must not be hasty and indiscriminate or externally propelled. Sometimes import restriction or outright prohibition might become a necessity for national survival. After all, the technologically advanced countries continue to erect all manners of barriers between their economies and the rest of the world while they give contrary directives to developing countries. In addition, developing economies must allow their states acquire the resilience and stability as well as see their private sector to near maturity before the state can recede from economic activism. The distress of the global financial system in late 2008 and the government bail-out plans in all the core capitalist economies is an in acknowledgement of the perils of de-regulation and undue reliance on the efficacy of price mechanism. Every country must obey its own internal rhythm first and foremost as it ventures into the global arena to avoid the kind of embarrassment that Nigeria's textile industry is presently going through. A regime of trade policy reversal towards cautious liberalization and calculative protectionism is advocated as opposed to keeping the open door policy intact and throwing money at the problem, a problem that money alone cannot solve. Finally, government should channel the money being given to the Committee on the resuscitation of the textile industry to the provision of industrial infrastructure, that is, electricity, portable water, roads, rail, ports, security etc, because the poor state of these basic infrastructure add to exorbitant local production costs that make locally manufactured textiles uncompetitive in the domestic as well as in the foreign markets. The industry can do with privileged electricity concessions from the national grid; the price of Black Oil should be revised further down and made stable for at least five years; and incentives to encourage local participation should be explored. In this process there is nothing wrong in learning from the experiences of peripheral countries that had traveled down a similar lane in the past. Finally, a summit of all the stakeholders in the industry (particularly, the non-national entrepreneurs) should be convened and frank discussions and exchange of ideas encouraged so that not just both sides of the problem but rather all sides are x-rayed and included in the reworked national revitalization agenda.

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