Maritime Policy and Economic Development: A Comparison of Nigerian and Japanese Experiences since the Second World War

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Abstract
It is now generally recognized that the maritime sector could, if properly harnessed, play a critical role in the development of regional, national and global economies. This is in view of the growth-pole potentials of ports and ancillary industries. Although a comparison of Japan, a leading global power, and Nigeria, a vastly underachieving African country, might sound far-fetched, the effort is rewarding, as shown in this article, for its implications for public policy formulation and implementation. This paper attempts a comparison of the evolution and implementation of policies relating to the development of ports, the mercantile marine and port industries in both countries. Focusing on the roles of the government and the private sector, it locates the discussion in a wider, global comparative context. The prospects and challenges of regional development through the agency of the maritime sector in both Nigeria and Japan are considered in the light of such concepts as 'maritime industrial development areas (MIDAs)' and 'developer ports'. Pertinent lessons in comparative history and public policy analysis are highlighted in the paper, which has benefited from primary research in both countries.

Résumé
Il est à présent largement reconnu que s'il était bien exploité, le secteur maritime pourrait jouer un rôle crucial dans le développement des économies régionales, nationales et globales, au vu du riche potentiel que représentent les ports et les industries secondaires. Même si la tentative de comparaison entre le Japon, une grande puissance mondiale, et le Nigeria, un pays africain qui a grand peine à se développer, semble pour le moins exagérée, l'effort en reste tout de même gratifiant, comme le montre cet article, du fait de ses implications sur le plan de la

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formulation et de l'application de politiques publiques. Cet article tente de mener une comparaison de l'évolution et de l'application de politiques liées au développement portuaire, ainsi qu'à la marine marchande et aux industries portuaires de ces deux pays. En se basant sur le rôle du gouvernement et du secteur privé, cette contribution situe le débat dans un contexte international et comparatif plus large. Les perspectives et les défis de développement régional par l’intermédiaire du secteur maritime, au Nigeria et au Japon, sont considérés à travers ces concepts comme correspondant aux «zones maritimes de développement industriel» et aux «ports de développement». Cet article formule des leçons pertinentes en matière d'histoire comparative et d'analyse de politique publique, et s'est inspiré de la recherche fondamentale dans ces deux pays.

Introduction
It is now generally recognised that the maritime sector could, if properly harnessed, play a critical role in the development of regional, national and global economies. This is in view of the growth-pole potentials of ports and ancillary industries (Hanappe and Savy 1980). Although a comparison of Japan, a leading global power, and Nigeria, a well-endowed but vastly underachieving African country, might sound far-fetched, it has been accomplished with implications for public policy formulation and implementation (Olukoju 1996b, 2001b).

This paper attempts a comparison of the evolution and implementation of policies relating to the development of ports, the mercantile marine, shipbuilding and port industries in both countries. Focusing on the roles of the government and the private sector, it locates the discussion in a wider, global comparative context. The prospects and challenges of regional development through the agency of the maritime sector in both Nigeria and Japan are considered in the light of such concepts as ‘maritime industrial development areas’ (MIDAs), ‘export processing zones’, and ‘developer ports’. Pertinent lessons in comparative history and public policy analysis will be highlighted in the paper, which has benefited from primary research in both countries.

Ports and Regional Development
Seaports constitute the hub of the maritime sector of a nation’s economy. For one thing, they are generally regarded as gateways between their hinterlands and forelands—the overseas territories to which they are linked by commerce and other elements. They thus serve as conduits in the exchange of merchandise between opposite ends of the intervening oceans. Moreover, without them, shipping and shipbuilding cannot exist and it is the capacity of a port that determines the volume and regularity of its shipping. Hence, our
discussion will focus largely on ports. However, ports do not exist for their own sake or as mere conduits of trade, but are expected to exert a developmental impact especially on their hinterlands. To be sure, a port has several hinterlands stretching from the port itself to as far as transport links and competing outlets permit. While the proximate hinterlands are likely to be captive to it, other areas may be contested by other ports depending on their differential access to transport facilities (Olukoju 1996b).

That said, a critical issue that is germane to our discussion is the potential of ports as growth poles. Do ports really generate development in their immediate or remote hinterlands? If so, what accounts for this or under what conditions can this be achieved? If such conditions are known, how can the developmental impact be optimised? In any case, what criteria should be employed to measure the developmental impact of ports and how reliable are they?

With regard to the measurement of the economic impact of ports, the Canada Ports Corporation once developed a computerised Economic Impact Model, which supposedly ‘measures the economic benefits of the freight handling activities of [Canadian] ... ports on the local, provincial and national economies ... [and provides] a realistic and defensible assessment of the economic contributions of the ports’ (Tessier 1991:183). This assertion was based on certain observable results. Canadian ports were reported to have generated jobs (direct and indirect), revenue, and personal income quantified in billions of dollars, which derived from port and related activities. However, critics have expressed doubts about the reliability and propriety of such measurements. Some contend that ‘port impact’ studies of this kind were designed by port authorities to justify or attract port investment. Others argue that it is misleading to attribute regional development to the ports, which are ‘only one element in a large number of producing and distributing systems’ which generate economic changes in a given region (Goss 1990:217). It may also be noted that accurate quantification of the regional impact of ports is difficult to achieve in the face of the diffusion (that is, of origins and destinations) of port traffic beyond the narrow confines of a region or nation (ibid: 216).

These foregoing criticisms should not be confined to ‘port impact’ studies as such but may be extended to the whole question of the significance attached to ports in economic development. Orthodox historians would naturally be wary of any explanation that ascribes sole or unduly exaggerated importance to a single causal factor: the pitfall of monocausal explanation. It is in this light that one should view the tendency to attribute developments generated in a region to either the geographical or transport factor. But as is indicated
below, the human factor appears to be overwhelmingly important in this age of technology.

Whatever reservations that one may have about the reliability of the quantification of the social and economic impact of ports and their allied industries on the adjoining cities and regions, it is hardly debatable that port activities and shipping generate employment, and induce industrialisation and overall economic growth. The striking example of Maritime Industrial Developments Areas (MIDAs) in post-Second World War Europe aptly illustrates the immense growth-pole potentials of ports. Even so, it must be conceded that there is a symbiotic relationship between the port itself, on the one hand, and the port-city and port-induced industries, on the other. Economic boom or depression in either a port’s forelands or hinterlands immediately affects the port and the silting of the port or the loss of its comparative advantage to rival ports would be reflected in the fortunes of its hinterlands, particularly those that are dependent on it.

A related issue is the role of human agency in these developments. Without prejudice to the now discredited thesis of environmental or geographical determinism, we may note that the development of the maritime sector and, indeed, of the wider economy, reflects the degree of the harnessing together of technological, political, economic, physical and other factors. However, what can hardly be controverted is that human agency can reverse or ameliorate the natural disadvantages of a port or initiate developments in its hinterland or foreland to the advantage or disadvantage of the port (Olukoju 1996c). This is most clearly manifest in the formulation and implementation of policies which achieve port (re)development and foster shipping and industrial growth. Government is more suited to this sort of intervention because it has the capital that such large-scale works entail and it also has the capacity to absorb the impact of the long gestation of such low-return investments. It is capable of formulating policies reversing the natural disadvantages suffered by certain ports and regions. This will be made clear in this study of Japan and Nigeria in the aftermath of the Second World War. We begin by outlining the development of the Japanese maritime economy and policies.

**Maritime Policy and the Japanese Economy**

It goes without saying that maritime economies and societies are closely associated with the sea. In this connection, the length and nature of a nation’s coastline, the magnitude of its mercantile marine and port-related industries, the level of development of internal communications and the political and economic framework in which these developments take place determine to a large extent the growth and development of its maritime sector. Japan, as an
archipelago, is abundantly endowed with hundreds of seaport outlets of varying sizes and importance whereas Nigeria has only one natural harbour at Lagos. In terms of population, the respective figures are both in excess of one hundred million though the absolute figures for Nigeria are rather imprecise. Though both countries each have populations in excess of one hundred million persons, Japan has a considerable edge in the level of its economic, social and political development. It is the second largest economy in the world with a well trained, highly motivated and skilled workforce. While it has made giant strides in technological and scientific development, the reverse is the case with Nigeria. With the exception of a brief period of Allied Occupation after the Second World War, Japan has always been a sovereign nation with a rich and proud tradition. Conversely, the Nigerian nation state was formally established under British colonial rule which lasted from 1861 to 1960.

A good starting point in our discussion is to elaborate on the geography of Japan in relation to its maritime economy. Japan consists of the four main islands of Hokkaido, Honshu, Shikoku and Kyushu aligned in a northeast-southwest axis. There are also other islands, including the Okinawa chain, lying in the direction of China. These islands are deeply indented and, so, contain many natural harbours. The key ports include Yokohama, Osaka, Kobe, Nagoya, Tokyo, Kawasaki, Shimizu and Dokai. Under the Port and Harbour Law of 1950, the ports were classified in accordance with their importance to the national economy. By 1960, the most important, known as Specially Designated Ports, were Osaka, Kobe, Nagoya, Tokyo, Shimonsenki, Yokkaichi, Moji, Kokura, Dokai, Shimizu, Kawasaki and Yokohama. The next group consisted of Major Ports, about eighty in number, which included Hakodate, Muroran and Otaru on Hokkaido, Niigata, Tsuruga, Sakai, Saigo, Aomori, Chiba, Yokosuka, Kinuura, Hiroshima and Iwakuni on Honshu, Kochi, Niihama and Komatsujuma on Shikoku and Kagoshima, Beppu, Hakata and Nagasaki on the Kyushu islands respectively. There were also over thirty Ports of Refuge spread all over the islands (Olukoju 1996c, 1997).

As is well known, the modern economic history of Japan, and the point of take-off for its rapid transformation into a global leader, was the Meiji Restoration, which took place in January 1868. Guided by a patriotic leadership committed to catching up with the West, Japan underwent such social, political and economic transformation that it had become a leading regional power by the end of the century and a world power by 1914. The Meiji government pursued a policy of rapid industrialisation and modernisation encapsulated in the slogans Shokusan Kogyo (industrialisation) and Fukoku Kyohei (‘Rich Nation, Strong Military”). Hand in hand with industrialisation went the development of infrastructure with Western technical
assistance. A notable, though futile, effort to undertake major port engineering works was the Nobiru port project, the failure of which was a spur to more successful efforts elsewhere (Masuda 1981). All along, it was clearly understood that the national government had a leading role in harbour improvements and fleet development. With regard to the ports, which were categorised into first and second class, as well as local ports, official policy stipulated that it was the duty of the national government ‘in line with the national interest ... [to] plan, improve and manage ports’ (Nakamura 1983: 54). Hence, the national government undertook the construction of breakwaters, seawalls and other protective facilities; anchorages and other facilities. It was also responsible for up to half the cost of land reclamation and other port projects. Ports which were accorded second-class rating were consigned to the local governments, which still received subsidies from the national government. Local ports were administered by public bodies and did not receive any financial assistance from the government.

Prior to the Second World War, Japanese ports policy had given prominence to government intervention and control, without totally eliminating private sector participation. From the end of the Second World War, the Port and Harbour Law of 1950, revised in June 1951 and April 1957, streamlined the roles of various actors in that sector of the economy. Beyond classifying the ports, the Law allocated responsibilities among the various stakeholders and set out goals and targets to achieve. A striking feature of port policy was the overwhelming role of the central government in initiating policies relating to provision of infrastructure, tariff setting and coordination of policies and services with overall national development. The effective implementation of these laws—the Port and Harbour Law of 1950 and its amendments, and the Law for Emergency Measures for Port Improvement—contributed largely to the rapid developments of the 1950s and after (Takeuchi 1983: 33).

The Port and Harbour Law of 1950 marked a turning point in Japanese port development and administration as it clearly defined the roles and responsibilities of port authorities in post-war Japan (Olukoju 1997). To be sure, the Law was based on the foundations of Japanese political economy, especially, the tradition of centralised planning, budgeting and tariff-setting, and the reality of Allied Occupation. With regard to the latter, the Law borrowed extensively from the practice in the United States. While port management bodies, including private sector operators, were involved in the day-to-day administration of the ports, the central government continued to play supervisory and interventionist roles in port administration and development. The Ministry of Transport (now renamed the Ministry of Land,
Infrastructure and Transport) exercised this responsibility on behalf of the central government by performing the following functions:

(a) formulating national port development policies and necessary laws and regulations;
(b) offering advice to port management bodies;
(c) scrutinising and coordinating port and harbour plans for the major ports;
(d) setting technical standards for port planning, design and construction;
(e) fostering technical innovation in ports;
(f) financing construction works;
(g) executing port construction; and
(h) developing and maintaining channels out of port areas.

Still, other ministries were involved in health, security, customs administration, environmental, financial, immigration and legal aspects of port administration in Japan. It is striking, however, that unlike in many other countries, including Nigeria, Japan does not have the equivalent of a National Ports Authority. The Ministry of Transport coordinates activities in this sector while each port is managed by its management body in line with the Port and Harbour Law. Yet, there are areas of overlap of authority between municipal authorities and port management bodies. A striking example is the issue of waterfront development which lies at the interface between the city and the port. Here, the Port and Harbour Law encounters the City Planning Law; and the Ministries of Transport and Construction also have to share responsibilities. Inevitable disagreements are easily resolved through negotiation (Nakamura 1983).

A cornerstone of port policy was the decision to make ports the lynchpin of regional development. Related to this is the understanding that ports should not be run merely as commercial enterprises which have to make profits or, at least, balance their books. The regional developmental impact of port development projects was considered a sufficient return on port investment. A third element of port development policy was the emphasis on research and engineering. Hence, the Port and Harbour Research Institute and the Ports and Harbours Bureau have invested in human capacity and innovative technology in the area of port engineering.

In general, port policy was responsive to the spectacular development of the national economy in the 1960s. In particular, it had to contend with the negative effects of the massive growth and concentration of population in the Pacific Industrial Zone. This required the rectification of regional disparities and the dispersal of the population and resources concentrated in
a few regional centres. Consequently, the Law to Promote the Construction of New Industrial Cities was enacted in 1962 and fifteen such cities were developed across the country, though mainly along the coastline. An Act of 1964, which provided for the creation of Special Areas for Industrial Development, produced six Special Areas based on the earlier identified industrial bases. In all of this, the ports served as the hub of development. At such locations, urban and regional development plans, containing infrastructure, city planning and industrial components, were implemented (Ports and Harbours in Japan, 2002:65).

Specifically, port and regional development has been pursued through ‘developer ports’, created in depressed regions as a catalyst of industrial and urban development (Olukoju 2004). This was the case in Kashima and Tomakomai on the islands of Honshu and Hokkaido, respectively. At both places, much expense was incurred in developing artificial ports in economic backwaters. With the development of the ports, urban centres emerged with the migration and settlement of people, mainly workers, the provision of social and economic infrastructure, and the establishment of industries. Although port impact studies have generated their own controversies, it can still be established that the ports registered manifest socio-economic impact on the adjoining communities. This may be gleaned from the increase in port traffic, the growth in industrial output and the rise in demand for commercial products by a burgeoning urban settlement. Remarkable changes took place in Kashima, a city (and region) that developed in the aftermath of the development of a ‘developer port’ in a hitherto backward area of Japan.

The development of the port and the industrial projects had an immediate social and economic impact on Kashima, the Ibaraki Prefecture and wider areas of Japan as far afield as the mega-cities of Tokyo and Osaka. There were dramatic changes in the absolute size of the population, and in the number and composition of the labour force. The population of Kashima increased five-fold from 57,000 in 1960 to 300,000 in 1975, while the number of workers rose sharply from 28,000 to 122,000 within the same period. However, the proportion of workers engaged in primary, secondary and tertiary industries changed significantly. In 1960, the bulk (20,000) was engaged in primary industries while 3,000 and 5,000 respectively were employed in secondary and tertiary industries. In 1975, the trend had been reversed: the highest proportion (58,000) was employed by secondary industry, followed closely by tertiary (52,000) while primary industry employed only 12,000 (Takeuchi 1983:38).

These figures demonstrate the rapid transformation of what had been an agricultural area into one of industry and commerce. The erstwhile economic backwater had become a large industrial zone, with implications for population
movements and standards of living. Urbanisation necessitated the provision of public infrastructure such as roads, waterworks and sewerage. In terms of the percentage of the population with access to potable water supply, Kashima had exceeded the average for the Prefecture and almost equalled the national average by 1980. More remarkably, the transformation of Kashima affected the larger cities, such as Tokyo and Osaka, from which people and industries drifted (Takeuchi 1983:40-41).

The direct impact of the construction of the port on the maritime trade of the region was most remarkable. The number and tonnage of foreign shipping increased dramatically from zero in 1968 to 980 and 24,302 respectively in 1975. The domestic traffic increased from 104 vessels with a tonnage of 24,000 in 1965 to 7,974 vessels and 7.56 million tons respectively in 1975 (Akatsuka 1977:98).

At Tomakomai, no less dramatic changes followed the construction of a ‘developer port’. As was the case at Kashima, port development at Tomakomai (West) transformed the regional economy and society. The volume of industrial output and number of employees increased dramatically. The number of factories rose from about 70 in 1951 to about 270 in 1975 while the labour force swelled from about 5,000 to some 12,000 within the same period. The volume of commercial sales tripled from about 50 billion yen in 1958 to 150 billion yen in 1972 and the number of stores quadrupled from about 500 in 1952 to well over 2,000 by 1972. The statistics buttress the assertion that ‘the location of industry (at Tomakomai)... enhanced by port construction, improved the industrial structure of the entire nation and increased its overall economic growth potential’ (Takeuchi 1983:44).

In general, ports policy was responsive to the changes in the local and global economies. Hence, during the period of accelerated economic development in the 1960s and the consequent shortage of port capacity, the government enacted the Law on Emergency Measures for Port Development and drew up the first Five-Year Port Development Plan in 1961. Both measures were coordinated with the overall national development plan—the Plan to Double the People’s Income—and resulted in a considerable expansion of port facilities (Ports and Harbours in Japan 2002:65). As the examples of Kashima and Tomakomai show, the policy did achieve the goal of regional economic development. Although the results were uneven, it has been claimed that the development plan had succeeded in ‘promoting new industrial zones in areas outside of existing development zones ... Development has not only provided thousands of people in these areas with jobs, but it has helped to revitalize the economies in these areas’ (Ports and Harbours in Japan 2002:66). A related development in maritime policy towards the ports was the coordination of port and city planning in the 1970s. This was characterized
as ‘The Era of Port and City Co-Existence’ (Takeuchi 1983:36). Closely connected with this was the injection of environmental considerations into port policy. The declared aim was ‘the creation of a pleasant port environment’ (Nakamura 1983:62). These programmes integrated such activities as waste disposal through landfills, creation of green zones and provision of environmental protection facilities along the coastal zones. The consequence was an improvement in the living environment in spite of the intensification of port, industrial and urban developments. By the early 1990s, maritime policy aimed at creating ‘ecoports’, which took ‘animals and plants into consideration as well as humans’ (Japan Times 18 March 1994: 2). In response to population explosion, the Japanese also intensified the process of ‘taking the cities to the sea’—extending the cities into reclaimed areas of the coast (Matthews 1989). Finally, the comprehensive policy by the Ministry of Transport in 1985, captioned ‘Ports and Harbours Towards the Twenty-First Century’, unveiled a strategic (long-term) plan to make the port area a highly diversified but functionally integrated complex consisting of diverse components—economic, social, recreational and technological. The constituents of the policy were outlined in ‘An Enriched Waterfront Policy’ (Ports and Harbours in Japan 1993:23).

The development of a strong mercantile marine has been the other plank of Japanese maritime policy since the Meiji Restoration of 1868. This consisted of fleet development and shipbuilding, two related industries. The encounter with the American naval expedition led by Commodore Matthew C. Perry in 1853 had demonstrated the overwhelming superiority of Western naval and mercantile technology. Hence, it was decided to adopt measures to counter the looming danger of the possibility of foreign take-over of Japanese coastal shipping as had happened in neighbouring Asian countries. The government consequently accorded priority to shipping and shipbuilding to reduce dependence on foreign shipping lines and to boost foreign trade and conserve foreign exchange. In any case, as the mercantile marine is known to be a reservoir for the navy, national security considerations also informed the interest in the development of the mercantile marine. However, the government did not act alone; it involved and fostered the private sector in the development of Japanese shipping and shipbuilding industries (Details in Chida & Davies 1990).

The judicious blend of patriotism and the profit motive had ensured that by the 1890s, Japanese shipping lines had been firmly established in coastal shipping. The notable shipping lines had enjoyed enormous patronage from the government in the form of subsidies and monopolies of cargo or routes. The career of Yataro Iwasaki of Mitsubishi epitomised the public-private
sector partnership in the formulation and implementation of a maritime policy that adequately served national and private interests. The Nippon Yusen Kaisha (NYK), which emerged in 1885 from a merger of Mitsubishi and rival lines also exemplified the official policy of fostering indigenous shipping lines that were capable of facing up to the challenge of foreign competition. Official policy in this regard was Darwinian: it supported the strong against the weak so that enforced mergers could create firms strong enough to face foreign competition. This strategy proved successful as NYK proved too strong—with further state support—for rival foreign lines like the British-owned Peninsular and Oriental (P&O) Steam Navigation Company, which was forced out of the Shanghai-Yokohama route after a rates war. Meanwhile, by 1890, another government-aided line, the Osaka Shosen Kaisha (OSK), originally established in 1884, also emerged from a process of government-induced mergers among rival lines in 1884. A third such line, the Toyo Kisen, established by a businessman known as Asano, was also fostered by the government and funded largely by Zenjiro Yasuda, founder of the Yasuda zaibatsu. This was in the aftermath of the passing of the Zosen Shorei Ho (Shipbuilding Promotion Law) in 1896.

The maritime policies of the Japanese government before the Second World War were anchored on certain laws passed to promote the development of the maritime sector in the wider context of national economic development. The Navigation Promotion Law and the Shipbuilding Promotion Law of 1896 were passed to grapple with the shortfall in tonnage and the fact that Japanese shipping still accounted for just ten per cent of total foreign trade. Subsidies were granted to shipbuilding and special focus was given to building an ocean-going, as opposed to a coastal, fleet. The Long-Distant Sea Liner Service Law of 1910 was designed to encourage the growth of Japanese ocean liner services. In 1918 the government directed the Nippon Kogyo Ginko (The Industrial Bank of Japan) to give low-interest loans in aid of shipbuilding in Japan. That bank was to be a major and crucial source of shipbuilding finance in Japan down to the present (Chida and Davies 1990: 35). Various policies and laws were also employed to assist the maritime industry during the inter-war depression and after (ibid 47-50). The point to note is that the government played an important role in promoting growth in the sector in the overall interest of the nation.

As is well known, the Second World War had a devastating effect on Japanese economy and society, and culminated in defeat and Allied Occupation from 1945 to 1952. Japanese maritime infrastructure, especially the naval and mercantile fleets, was destroyed to varying degrees. The fleet was the worst hit but the shipbuilding infrastructure sustained only about
twenty per cent damage in all. A turning point in post-war maritime administration was the introduction in 1947 of the Kei kaku Zosen (Programmed Shipbuilding Scheme) sponsored by the government. This has been described as ‘the most significant action taken by the state to promote the growth of its shipbuilding and ship-operating industries ... [The] scheme has remained in existence to the present day’ (Chida and Davies 1990:69). The scheme supplied virtually all the capital required by the resurgent shipping firms to order tonnage from their shipbuilding counterparts. This had a mutually beneficial or symbiotic effect on Japanese shipping and shipbuilding industries. As the latter soon broke into the export market, the scheme began to focus more on the requirements of the shipping lines.

In May 1947, the Senpaku Kodan (Shipping Corporation) was established to operate the Programmed Shipbuilding Scheme. In the disbursement of funds under the scheme, the Kodan supplied 70 per cent while the shipowner provided the balance. The vessels thus acquired were jointly owned in that proportion but the latter was given the option of buying the Kodan’s share within a ten-year period. A striking feature of the arrangement was the stipulation that the money advanced by the Kodan did not have to be paid if the ship-owner was not making a profit. Such favourable conditions resulted in the rapid growth of the merchant fleet.

Funding for the scheme was initially provided by the Fukkin (The Rehabilitation Finance Bank) but this was terminated in 1949. In its place, the Counterpart Fund of the US Aid to Japan (the Mikaeri Shikin) filled the gap between 1949 and 1952, when it was abolished following the signing of the Peace Treaty between the US and Japan. From 1953 to date, the Nippon Kaihatsu Ginko (The Development Bank of Japan) has been responsible for financing investment in the maritime sector. The Kaigin, as the Bank is better known, is a semi-governmental organisation charged with making public funds available to key industries from postal savings and social insurance premiums. It lends to such projects at less than market rates. A notable feature of this period was the indiscriminate disbursement of the funds leading to the proliferation of shipping lines and the aggravation of competition.

Consequently, by the early 1960s, Chida and Davies note, excessive competition among these lines had prevented the shipping industry from fulfilling the government’s expectation that shipping would make important contributions to the national economy. State policies had thus proved to be ‘counter-productive and self-defeating’ (1990:140). Eventually, the government passed the Kaiun Saiken Niho (The Two Laws for the Reconstruction of the Shipping Industry) in June 1963 and they came into effect in April 1964. The import of these laws was the enforced mergers of several major shipping firms to create nucleus companies each with a
minimum of half a million deadweight tonnage (dwt). Such nucleus companies were to act as ‘parent’ companies to others within their new grouping. The combined tonnage capacity of the ‘parent’ and associated firms in each case was to be in excess of one million tons dwt. Firms which took part in these mergers were assured of continued support under the Programmed Shipbuilding Scheme and the Interest Subsidy Scheme. They were also entitled to the postponement for five years of interest rate payments on outstanding past loans obtained from the Development Bank of Japan. This policy produced six main groups of shipping firms from a combination of 88 firms. The nucleus companies were NYK, Yamashita-Shin Nihon Kisen Kaisha, Showa Kain, Japan Line, Kawasaki Kisen and Osaka Shosen-Mitsui Senpaku (Mitsui-OSK Line) (Chida and Davies 1990:144, Table 5.1). In all, the reorganisation produced positive results as the shipping companies, both nucleus and associated, soon made profits and paid dividends within the five-year target set by the government. ‘Excessive competition’, it has been noted, ‘was eliminated, individual firms increased their efficiency by internal changes and there was a gradual improvement in the world shipping market’ (Chida and Davies 1990:145). The general improvement in the global markets and the cooperative attitude of the Seamen’s Union, which was naturally apprehensive that the reorganisation might entail huge job losses, had also contributed to this favourable outcome.

It may be noted that government maritime policy towards shipping and shipbuilding was a proactive response to various dynamics. Up to the 1960s, priority was accorded to reorganising and expanding the fleet. By 1967, with the achievement of that objective, attention shifted to ensuring the provision of adequate supplies of tonnage to facilitate the ongoing phenomenal growth of the economy. Again, emphasis was no longer placed on merely earning foreign exchange from shipping, since massive exports had improved the balance of payments position. Now, though the account of the shipping industry was still in the red—given the huge capital outlays of the period—the goal was to ensure efficiency in shipping services. Shipping was now developed to meet the needs of an expanding economy, which required massive imports of raw materials and, accordingly, exported manufactured goods on a large scale. Yet another development from the late 1960s was the growing financial strength of the Japanese shipping industry which reduced its dependence on public funds for fleet development. However, the oil crisis that followed the Arab-Israeli War of 1973, among others, severely affected Japanese shipping which was saddled with a large amount of idle, excess tonnage. This necessitated another round of mergers in the shipbuilding
industry, which produced seven large firms and two groups of smaller ones (Chida and Davies 1990:152-69).

It is clear from the foregoing account that Japanese shipping and shipbuilding benefited from government policy in the face of global and domestic vicissitudes. As well, those industries also served the ends of the state in promoting industrial and economic development, conserving foreign exchange and generating employment. Coupled with ports policy, this was a major plank in the official attempts at promoting overall economic development. A notable feature of these policies is their dynamism, responsiveness and coordination both in the face of challenges and in the pursuit of a common goal. The Nigerian experience is examined below as a complement to the foregoing discussion.

The Nigerian Experience in Port and Maritime Development and Administration

The beginning of modern port development in Nigeria may be traced to the British occupation of Lagos, a notorious centre of the trans-Atlantic slave trade, in 1861, and the subsequent colonisation of the Nigerian hinterland. Lagos and Port Harcourt eventually emerged as the leading ports following extensive and expensive harbour works. At Lagos the most extensive works carried out during the colonial period (1861-1960) took place before the Second World War, while Port Harcourt was created from scratch (as in the case of Kashima) in the immediate aftermath of the First World War. The details of the harbour works have been provided elsewhere and need not delay us here (Olukoju 1992b, 1996a). We shall rather focus on maritime policy in terms of port development and administration from the colonial period to recent times.

Port development policy oscillated during this period from concentration to diffusion (Ogundana 1970, 1972). The former refers to a policy of concentrating investment in, and developing, a few ports, at the expense of the rest while the latter involved developing a multiplicity of seaport outlets. Such contraction and expansion reflected the prevailing global and local economic conditions which dictated the demand for shipping and port facilities. Hence, during the Great Depression of the 1930s, major public works (including harbour works) were suspended or deferred especially as the volume of maritime trade and shipping had contracted. Conversely, the optimistic outlook fostered by a trade boom (as in the immediate aftermaths of the two world wars) or the expectation of one, induced the formulation and implementation of port development projects.

In terms of the administration of Nigerian ports, policy was characterised, up to the mid-1950s, by a combination of duality of control and multiplicity
of authorities. First, the duality of control meant that private interests such as the United African Company and the foreign shipping lines, specifically, Elder Dempster Shipping Line, controlled certain activities such as lighterage (Olukoju 1992a, 1992b, 1994, 2001-2002), and controlled certain ports (such as Burutu). Second, there was a multiplicity of authorities in the ports, especially the major ones like Lagos and Port Harcourt. Among these were the Railways, Customs, Port Engineering and Marine, each handling specific aspects of port operations, such as tariff collection, transport, pilotage and harbour works. These government departments were embroiled in an acrimonious inter-departmental rivalry which impeded the effective coordination of services and port operations (Olukoju 1992c). The management of the crisis entailed a series of investigations and administrative reorganisation but it was not until the Nigerian Ports Authority was established in the mid-1950s that a semblance of order was established. Paradoxically, maritime administration in Nigeria has since degenerated into a jungle of competing authorities hindering and meddling with the efficient operation and administration of the ports.

By virtue of the Ports Act 1954 (Cap 55) of the Laws of the Federation of Nigeria, the Nigerian Ports Authority was established as the sole authority in control of Nigeria’s ports in place of eight government departments. The NPA came into being with jurisdiction over the operation of cargo-handling; maintenance, improvement and regulation of harbours and approaches; dredging, pilotage services, lighting and navigational aids, and related services. The NPA embarked on indigenisation (‘Nigerianisation’) of its staff and the construction of a wharf extension at Apapa and harbour works at Port Harcourt. Yet, within a decade, its activities had come under the scrutiny of a commission of inquiry. The Justice Beckley Tribunal found out that the NPA had engaged in redundancy and jobbery in its appointments, and its operations had been bedevilled by ethnicity, corruption and inefficiency. The civil war caused the enforced contraction of Nigerian maritime operations following the closure of eastern Nigerian ports such as Port Harcourt and Lagos became the only functional seaport. In 1969, the military government formally placed the ports of Warri, Burutu and Calabar, hitherto under private control, under the control of the NPA.

The civil war was followed by the requirements of reconstruction and the oil boom in the aftermath of the Arab-Israeli war of 1973. Massive imports engendered by these developments resulted in unprecedented port congestion, characterised by the infamous cement armada whereby ships carrying cement stayed outside the ports in a long queue of vessels waiting to berth and offload their cargo. The country incurred huge losses in demurrage and damaged cargo, in addition to the unscrupulous dealings of some Nigerians and
foreigners. The government then embarked on massive port development not only to cope with that exigency but in anticipation of increasing demand. But the slump of the 1980s forestalled the latter and left the country with under-utilised facilities.

Meanwhile, port administration was undergoing certain changes which worked against efficiency and motivation of staff. First, the appointment of a military Port Commandant in the face of the port congestion of the 1970s eroded the influence and efficiency of the NPA Board, and breached the norms of due process and accountability. Second, the public sector reforms of the 1970s dampened the morale of NPA staff, who were now made to work under civil service conditions of service, especially pay. Third, certain powers of the NPA were transferred to the Minister of Transport, who became the supervisory authority for the Authority. The consequence of these developments was that the NPA ‘moved from an autonomous status to that of a department of the Federal Ministry of Transport with its centralised control, no user representation advisory board and all the trappings of civil service bureaucracy’ (Ovbude 1991:276).

These changes had wider and deeper implications for the NPA and the entire ports sector. The most striking is that the Authority was not consulted when the Ministry embarked on some important projects within its area of competence. This was the case with the Tin Can Island and Sapele ports. In the former case, adequate preliminary investigations were not carried out and, so, the NPA was saddled with dredging costs that would have been avoided. In the latter, the new port was too close to another at Warri, thus making it a white elephant project. The Sapele project and the construction of five berths (instead of the two recommended by the NPA) at Calabar were undertaken by the civilian government of President Shehu Shagari for political reasons.

A related policy thrust was the ‘commercialisation’ of port administration in Nigeria in the late 1980s. By Decree 25 of 1988, the NPA was listed among thirty-five state-owned enterprises slated for commercialisation. Ninety-two others were to be privatised. The aim was to make the NPA make profits on its operations. Such a policy implied that the government would give the operators a free hand not only in day-to-day administration but in the setting of port charges and the collection of revenue. Unfortunately, the professed aim was never achieved, although the NPA (then renamed Ports PLC) was finally weaned off its dependence on state subventions as it succeeded in earning enough and making profits from its services to shipping and other port-users. However, the government never gave its officials a free hand at least to the extent of appointing the Authority’s Board of Directors and interfering in other ways. The NPA was never rid of political jobbery,
sinecurism and large-scale fraud which had destroyed (or subsequently decimated) other government parastatals, such as the NNSL and Nigerdock, which were supposed to be financially solvent.

In all, port development in Nigeria has had a measurable impact on city and regional development though the extent varies with each port. To be sure, the export processing zone developed around Calabar port in eastern Nigeria has yet to make the expected impact. A recurring factor in the decline of the port is that its natural hinterland is in the Republic of Cameroon. This has robbed it of a critical factor in its development, unlike the case at Lagos and Port Harcourt.

That said, the most profound case of port-induced urban and regional development has been that of Lagos, which generated a huge population concentration in an adjoining metropolitan area that extends inland up to Ota, some forty-five kilometres to the north. Major developments at Apapa have also fostered an industrial zone that has grown in depth since the 1960s. Industrial zones have also sprouted at Ilupeju, Yaba and Ikeja as the port exerts its direct and indirect impact on its immediate hinterland. By 1971, the Lagos metropolitan area was dotted with six industrial estates. By 2000, functional estates included those at Apapa, Agidingbi, Amuwo Odofin, Gbagada, Iganmu, Ifora, Ikeja CBD, Ilupeju, Kirikiri, Matori, Ogbu, Oregun, Oshodi/Isolo/Ilasaama and Surulere (Light Industrial) (Akintola-Arikawe 1987:116, Table 6). The industrial estates at Ikeja and Mushin had owed their existence to the industrial policies of the Western Region government since the late 1950s but others too had developed since the 1970s. The extent of the impact of port development at Lagos may be judged by the rise and development of the Agbara and Ota-Ifo industrial estates in the ‘metropolitan shadow’ some twenty to forty kilometres away (Akintola-Arikawe 1987:125).

As well, the western railway linking Lagos with Ibadan and Kano, major urban, commercial and industrial centres, has also spread the impact of the port several hundred kilometres into the Nigerian hinterland. The same process has been replicated, though on a smaller scale, at Port Harcourt, the terminus of the eastern railway. The port literally created the city following its development in the inter-war years (Anyanwu 1971; Olukoju 1996a). There, as in Lagos, the port serves as an industrial and commercial hub, and its hinterland extends to the administrative and commercial centres on the railway, like Aba and Umuahia.

A related issue is fleet development, which began in earnest with the establishment in 1959 of the Nigerian National Shipping Line (NNSL). The politics of that act has been studied elsewhere (Olukoju 2003) but it should be stated that the project was flawed from the start and it was, in any case, unlikely to have fared better given the hostile world in which Nigerian
shipping had had to operate, and the unpatriotic and irresponsible management of the maritime sector of the Nigerian economy to date. Meanwhile, the NNSL tottered until it finally collapsed in the early 1990s, ironically in the immediate aftermath of the United Nations Commission for Trade and Development (UNCTAD) Code on Liner Shipping which had sought to assist underdeveloped countries to gain a share of their maritime economy, especially the shipping trade (Karandawala 1989). The government of General Ibrahim Babangida had even proceeded to promulgate a National Shipping Policy (Decree 10 of 1987) to give effect to this code. The Decree established a National Maritime Authority as the clearinghouse of the maritime sector and the agency for the allocation of shipping space. Unfortunately, the basic precondition for meaningful participation by Nigerians in the shipping business—an indigenous fleet—was lacking and when the government instituted a fund for fleet development—the Ship Building and Ship Acquisition Fund—that facility was simply turned into an open sesame to the looting of the treasury. The Fund was depleted and its beneficiaries not only failed to redeem their loans but merely bought scrap (worthless vessels) which were un-seaworthy. In the event, Nigerians could not utilise their forty per cent quota and merely fronted for foreign operators. The policy died a natural death and the NMA fell into the grip of a succession of incompetent and corrupt administrators who merely collect rent and fail to develop the mercantile marine or the maritime sector. The same verdict applies to the Nigerian Ports Authority, which, like the NMA, exists to collect rents on shipping. Similar unscrupulous leadership ran the NNSL aground while its counterparts in other parts of the Global South (Sri Lanka, for example) have managed to stay afloat (Dharmasena 1989; Iheduru 1996; Olukoju 2003).

Conclusion
In spite of the glaring differences in the levels of development, geography, history and economies of Nigeria and Japan, some striking similarities may be identified. First, both countries have approximately the same population; in the 110–120 million range. Second, they both had significant historical transitions in the 1860s—the British colonisation of Lagos, Nigeria in 1861 and the Meiji Restoration in Japan in 1868—which shaped their subsequent histories. Third, they both attach great importance to the maritime sector, especially the ports, in national development. Hence, their governments formulated policies to promote port and fleet development, including recourse to subsidies, direct state investment, reliance on fostered indigenous capitalism and centralised tariff setting. Fourth, such policies were driven by maritime nationalism, directed primarily at the West, and each nation sought to dominate regional shipping. Fifth, the government in each case played, and
continues to play, a leading role in port and economic development. This state-led port development and administration, however, has produced differential policies and results in their different contexts. We shall now examine these disparate policies and fortunes.

Having made sufficient allowance for the evident differences in the polities, economies and societies being studied, we can still identify factors making for success or failure in the formulation and implementation of policies in Nigeria and Japan. To be fair, as we have noted above, Japan is much better endowed with natural harbours and has a longer and incomparably richer seafaring tradition. Moreover, the Japanese also have a long tradition of central planning—one in which Nigerians have not only had a comparatively short experience of operating but with an abysmally poor record. This point is important because this has enabled the Japanese to achieve better policy coordination and implementation, the bane of public policy in Nigeria.

In addition, the stronger economic base of Japan has permitted the commitment of a considerable amount of human and physical capital to port and regional development. This was especially so at the height of the unprecedented and long-running economic development from the 1960s to the ‘bubble economy’ of the 1980s. Hence, it has been possible for her to invest in port, city and industrial infrastructure without expecting quick returns. This particular attitude was critical to the philosophy and execution of port policies and projects. In contrast, Nigeria did not optimise its investments and earnings during the oil boom of the 1970s. Its port projects, as we have shown for the civilian government of Alhaji Shehu Shagari, were designed for political ends. Consequently, the contracts were over-valued and the facilities were generally redundant.

Furthermore, the Japanese developed indigenous engineering technology for the ports, shipbuilding and ancillary projects. They learnt from their initial setbacks in port construction at Nobiru and Mikuni to indigenise Western technology which was adapted to their peculiar circumstances. Nigeria, like Japan, had also had to train its engineers and technicians abroad but it has yet to domesticate the knowledge thus acquired. Nigerian port projects, like other major public infrastructure projects, have always been handled by foreign firms and the hopes held out by the Nigerdock Company as the nucleus of a shipbuilding and repair industry have foundered on the rocks of corruption and mismanagement.

Moreover, while the government of Japan continues to play a dominant role in port administration and development—directly through its agencies and indirectly through the local port management bodies—it did not foreclose private sector participation. Indeed, under the Port and Harbour Law of 1950
(and subsequent revisions), local port management bodies were restrained from competing with private sector operators in ‘the most lucrative areas of port operations’ (Olukoju 1996b:278). In effect, the Japanese had long operated the public-private sector partnership, which Nigeria is just adopting through an unfolding programme of (regulated) port concessioning.

In concluding this comparison of Nigerian and Japanese maritime policies and economic development, it must be acknowledged that official policies in both countries had had chequered fortunes. First, over-optimistic port investment, especially during a boom or in anticipation of one, had always created excess or redundant port capacity. A sudden change in economic fortunes or a sharp drop in demand for shipping and port facilities had always burdened either country with huge deficits. However, the Japanese had always managed to cushion the effect with their powerful export-oriented economy, which made up the shortfall, a contrast with the Nigerian import-dependent economy.

Port policies had also generated city and regional development to varying degrees. In Japan this was evident in all the designated development areas. In Nigeria, Lagos and Port Harcourt evidently owed their industrial regions to the fact of port development. Apart from the difference in the scale of impact, the Nigerian case, however, shows a lack of integration of port, industrial and urban development policies. A major reason for this is the nature of the political economy: inter-governmental relations in a Federation had not always been smooth sailing and policies have not always been properly coordinated. At best, Nigerian ports have generated an uncoordinated urban and industrial sprawl characterised by chaotic traffic and sanitary systems.

Second, both nations had also had variable experience with the development of the mercantile marine. In each case, it had entailed huge outlays out of public funds thus inflicting huge costs on the Treasury but, again, the Nigerians had been worse off. In their case, the entrepreneurs in this sector, exploiting primordial and political connections, took loans which they never bothered to repay and the Ship Acquisition and Ship Building Fund simply collapsed. The Japanese mercantile marine developed nonetheless with the concurrent development of a virile shipbuilding industry. In the circumstance, Japan was capable of successfully capturing and retaining her coastal shipping and even edged out competitors from the regional liner shipping. Not only does Nigeria not have the capacity to compete with the big Western operators, she has a tiny share of her coastal shipping. The recent Cabotage Law designed to make local players take over the coastal shipment of crude oil is yet to register a positive impact on the Nigerian maritime sector and the wider economy. Its prospects are blighted by, among others, the lack of an indigenous fleet.
In all, this comparative study has shown the leading role of maritime economic nationalism in the development of both nation’s maritime economy. Shipping in both nations has had to contend with competition from Western lines and the recognition of the advantages of an indigenous fleet, at least to conserve foreign exchange, motivated their respective maritime policies. Again, the overwhelming role of the government was abundantly demonstrated and fully justified. But it is also clear from the foregoing that this intervention could be good or bad, depending on the vision and sincerity of national leadership, and its ability to coordinate relevant policies, an important ingredient in the remarkable success of Japan.

A striking issue that is highlighted by this study is that Nigeria, unlike Japan, missed many golden opportunities. While the latter took advantage of the material rewards of its military successes against Formosa (Taiwan), China, Korea and Russia between 1874 and 1905, the openings created in the Asian market by the First World War and its militarism in Asia in the subsequent period, and, even the Korean War of the early 1950s, Nigeria mismanaged the resources, openings and goodwill that accrued from the oil boom of the 1970s and the Gulf Wars of 1991 and 2004–2005, the UNCTAD policy on shipping and the Shipbuilding Fund of the 1990s. What can be concluded, then, is that the differential fortunes of Nigeria and Japan in maritime economic development derived from human and natural forces, which the latter had been able to harness to greater advantage.

Notes
1. This paper has benefited from research in Japan facilitated by the Japan Foundation and the Institute of Developing Economies (IDE) Research Fellowships in 1993/94 and a trip to Japan in 2003. The assistance of Professor Tomohi Chida and the staff of the Japan Maritime Research Institute Library; Katsuya Mochizuki of the IDE; officials of the Ministry of Land, Infrastructure and Transport; and Mr Katsuya Ono of the Tokyo Port Promotion Association, is gratefully acknowledged. I am, however, responsible for the views expressed here.

2. The comparative study in Olukoju (1996b) did not cover the mercantile marine and shipbuilding and did not take the analysis beyond 1994.

References


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For the United States, World War II and the Great Depression constituted the most important economic event of the twentieth century. The war’s effects were varied and far-reaching. The war decisively ended the depression itself. The formal declarations of war by the United States on Japan and Germany made plain, once and for all, that the American economy would now need to be transformed into what President Roosevelt had called ‘the Arsenal of Democracy’ a full year before, in December 1940. From the perspective of federal officials in Washington, the first step toward wartime mobilization was the establishment of an effective administrative bureaucracy.  


Other Impacts of World War II. Since then, developed countries haven’t fought each other. Most wars have been civil wars, often assisted by foreign countries. Allied forces controlled the countries and territories of the Axis powers. Millions of Germans and Japanese were forced out of the territories they lived in and sent back “home.” The victors dismantled their former enemies’ ability to make war by dismantling factories. East and West Germany were divided, as was Berlin.