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**Further Comment on the Kilby/Weeks Debate:
An Empirical Rejoinder**

by

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Further Comment on the Kilby/Weeks Debate: An Empirical Rejoinder

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Robin Cohen's contribution to the debate over the role of trade unions in the Nigerian economy is an example of the state of the analysis of trade union impact in developing countries. As the situation stands, those who are unconvinced of the impact of trade unions on wages argue that the quantitative data is ambiguous at best, while the proponents of trade union power present little contrary quantitative evidence, basing their case on their interpretation of political events through detailed recitation and invocation of authorities.¹ While Cohen's "evidence" provides us with a look at the political literature on Nigerian trade unions, it does not take us far in understanding their economic role. From reading the note, one would conclude that economic forces played little or no role in wage determination in Nigeria. I suggest this is an overemphasis, and below I seek to show that primary emphasis should be placed on economic factors.

The argument of Cohen and those who agree with him fails to draw the crucial distinction between the *forms* or *mechanisms* of wage setting and the underlying forces of wage determination. His argument deals only with the mechanism of wage determination in Nigeria, which he correctly identifies as political; but by thus restricting himself, he is diverted from the causes of wage movements, which are economic. Unions in Nigeria have acted autonomously to influence wages, but only within narrowly defined

¹ [Editor: In all footnotes, it is assumed that the citations in Cohen's preceding comment have been read.] Invocation of authorities is also possible for the other side; see Berg, "Urban Real Wages: Comment."

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limits established by economic factors. While it can be argued that trade unions have pressed the wage level to the upper boundary of these limits at times, they have not been able to significantly affect the limits themselves. This role is in fact very similar to that played by trade unions in developed countries, where both the limits and the forms of wage determination are economic.²

As a consequence of the emphasis on forms, the debate has shifted from the question, have trade unions in Nigeria affected wages, to the question, have trade unions in Nigeria played an important political role? I shall return to Kilby's original assertion, that trade unions in Nigeria "have played an important role in mobilizing, magnifying, and channeling the discontent of government employees who have suffered a gradual erosion of their money wage; these union activities have resulted in more frequent wage tribunals and in larger awards than would otherwise have been the case."³ My argument will be that wage levels in Nigeria have been basically determined by economic conditions, though superficially through political mechanisms.

General Pattern of Wage Movements in Nigeria

The first question one must ask when analyzing the impact of trade unions on wages in Nigeria is, what has been the pattern of wage movements in Nigeria—have wages risen unusually fast? None of the authors in this exchange have dealt adequately with this question. Warren rests his case on a wage series for a single city (Lagos), reproduced from a paper by Berg presented in 1961.⁴ Kilby provides more data, but because he does not explain his methodology, it is ambiguous.⁵

I offer tables 1-3, which bring the Berg data up to date and provide data on real and money wages for several additional Nigerian cities for selected periods. I have omitted the 1939-46 war period because evidence is at best slim, and as Berg has pointed out, the apparent rise in real wages during these years is largely illusory—a consequence of using the absurdly inaccurate wartime cost-of-living index.⁶ It should be added, however, that

² For an excellent discussion of this, see Harold Levinson, "Pattern Bargaining: A Case Study of the Automobile Workers," *Quarterly Journal of Economics* 74 (May 1960): 296-317.

³ Kilby article, p. 500.

⁴ The series was published in Melville J. Herskovits and Mitchell Harwitz, *Economic Transition in Africa* (Evanston, Ill.: Northwestern University Press, 1964), pp. 199-238, but the paper, "Real Income Trends in West Africa, 1939-60," was presented at a Conference on Indigenous and Induced Elements in the Economies of Sub-Saharan Africa held by the Committee on Economic Growth of the Social Science Research Council, at Northwestern University, 16-18 November 1961.

⁵ Kilby's article; also available in reprinted form with minor changes as chap. 9 in his *Industrialization in an Open Economy: Nigeria 1945-66* (New York: Cambridge University Press, 1969). See also fn. 25 below.

⁶ Berg, "Real Income Trends," in *Economic Transition*, p. 230 ff., and Berg, "Urban Real Wages: Comment," fnn. 9, 12, 13. Anyone wishing to investigate the "field" methods used in compiling the index, and its use in the wage setting, should see Nigeria, Colonial Office, *Report of the Cost of Living Committee, Lagos, Nigeria, 1942* (London: Crown Agents for the Colonies, 1942); Memorandum, "Cost of Living Bonus for Government Labour in Lagos," Circular no. 27/1941, M.P. no. 38731/S.I. Lagos, 8 December 1941; and Memorandum, "Interim Cost of Living Bonus," Circular no. 26/1942, M.P. no. 38371, Lagos, 28 May 1942.

if Bauer's more accurate index of selected imports is used, real wages in Lagos were actually lower in 1947 than in 1939.⁷ During this period real wages rose significantly above the 1939 level only in 1942.⁸

Having dealt with the war years, 3 cases of wage adjustment are left to consider: 1950-55, 1959-60, and 1964. Tables 1-3 provide the relevant data. Table 1 provides indexes of money wages for unskilled government workers for 7 cities for 1946-54. Rather than pursue whether the substantial wage increases resulted from political forces at large in the land, I shall consider the economic trends of the period, which set the context within which the wage increases of 1952-55 were made possible. This was, by all indicators, a period of unskilled labor shortage during which unskilled wages were being forced up throughout the economy.

TABLE 1
INDEXES OF THE UNSKILLED GOVERNMENT WORKERS' STARTING RATES
FOR SELECTED NIGERIAN CITIES, 1946-54

YEAR	LAGOS	IBADAN	BENIN	PORT HARCOURT	ENUGU	KADUNA	KANO
1946.....	100	100	100	100	100	100	100
1947.....	103	107	100	102	103	111	110
1948.....	103	107	100	102	103	125	110
1949.....	103	107	100	102	103	127	110
1950.....	103	119	126	102	103	154	110
1951.....	106	119	134	115 ^a	128	154	112
1952.....	131	156 ^a	150	135	151	177	157
1953.....	137	169	180	146	164	184	161
1954.....	149 ^a	204 ^b	224 ^a	152 ^a	186 ^a	234 ^b	191 ^a
(1954) ^c.....	...	(221)	(235)	(165)	(198)	(221) ^a	(181)

SOURCES: *Quarterly Report[s] of the Department of Labour* were the most frequently used. For complete sources giving the reference for each rate change for 12 cities from 1934 to 1964 (over 180 in all), see Weeks, "Wage Behavior," pp. 217-24. Those interested in the original data and sources can obtain them by writing to the author.

NOTE: This wage series and those in the following tables differ from those of Berg, "Real Income Trends," in *Economic Transition*; Gerald K. Helleiner, *Peasant Agriculture, Government, and Economic Growth in Nigeria* (Homewood, Ill.: Richard Irwin, 1966); and Kilby, *Industrialization*, chap. 9. All 3 sources have omissions, particularly for 1951-54. When a wage change did not occur on 1 January, an average was calculated, with each rate weighted by the number of months it was in effect during the year in question.

^a Two rate changes during the year.

^b Three rate changes during the year.

^c Regional government rate.

⁷ Peter T. Bauer, *West African Trade* (Cambridge: Cambridge University Press, 1954), p. 421.

⁸ John F. Weeks, "Wage Behavior, Rural-Urban Income Trends, and Wage Policy in Nigeria" (Ph.D. diss., University of Michigan, 1969), pp. 127-36. This conclusion holds in each case for the 12 cities covered by my dissertation. For elaboration on sources, see note to table 1.

While the Department of Labor reports for these years, 1946-54, bear out my thesis, I shall not rely on these sources, since they are of dubious reliability. Note that in each case in table 1, the unskilled wage was relatively stable from 1947 to 1950 (1951 in some cases), then rose precipitously from 1952 to 1954. Is there any evidence that this could have been in response to tightening labor markets and a general rise in wage levels—that the allowable limits of wage behavior had changed? There is such evidence. Further, there is evidence of acute labor surplus during 1947-50. This substantiates the conclusion that wage levels were steady (in money terms) during a period of labor surplus (1947-50), and rose during a period of labor shortage (1952-54). Political forces are not rejected—the Kilby-Warren-Cohen arguments may be valid—but political forces emerge as a response to economic conditions.

World War II had brought stagnant real wages for urban workers, but a decline in money and real incomes in rural areas.⁹ The latter war years ushered in rural recovery with normalization of international trade, and the postwar years were spectacularly prosperous for farmers. Though there is no evidence of migration during the period, it is unquestionable that the attractiveness of farming as a livelihood increased greatly.¹⁰ In spite of this, the demobilization of Nigerian servicemen flooded urban labor markets with job seekers.¹¹

It is not surprising, therefore, to find that in response to this labor surplus, a policy of wage restraint was pursued by the colonial masters. The Miller Report of 1947 restructured wages but granted only token increases in a few areas (Lagos workers, for example, received a one pence per day increase), and a few rates were actually cut (Warri, for example).¹² The Miller Report was followed by a wage freeze. Of 12 major Nigerian cities, only 2 received rate increases in 1948, 2 in 1949, 3 in 1950, and 5 in 1951.¹³ Seven of the 12 increases were for Northern Region cities which had begun the postwar period at much lower wage levels than in the south (and where, it might be added, there were relatively few wage earners and a virtual absence of political agitation). The Lagos rate was constant from January 1947 (Miller Report) to December 1951. This wage freeze was terminated, not primarily by political agitation, but by changing labor market conditions.

⁹ Berg, "Real Income Trends," in *Economic Transition*, p. 203 ff.

¹⁰ *Ibid.*, also Weeks, "Wage Behavior," p. 137 ff., for tables comparing producer prices and incomes for growers of cocoa, palm products, and groundnuts with government unskilled wages in 12 cities.

¹¹ Over 96,000 had been demobilized by 1946, of which 61,500 had registered for employment; only 19,500 had been placed. A year later 117,000 had been demobilized. However, in 1947 those placed in jobs had risen to 37.6 percent, from 31.7 percent the year before. Nigeria, *Annual Report of the Department of Labour* (Lagos: Government Printer), for 1947 and 1948, p. 33 and p. 55 respectively. Hereafter cited *Annual Report* with year(s).

¹² Nigeria, *Report on Unestablished and Daily Rated Government Servants, 1947* (Lagos: Government Printer, 1947), p. 4.

¹³ Lagos, Ibadan, Benin, Sapele, Warri, Port Harcourt, Enugu, Kano, Kaduna, Zaria, Jos, and Ilorin.

Changing Labor Market Conditions, 1952-55

Changes in the terms of trade between town and country were the primary force leading to the wage increases of 1952-55. The rapidly growing rural prosperity drew workers from the urban areas, which stimulated the colonial government to raise wages to attract labor.

While money wages of unskilled government workers remained virtually frozen between 1947 and 1951, cocoa, palm products, and groundnut prices increased by 100 to 200 percent.¹⁴ As one would expect, this generated an urban labor shortage as cash crop farmers, with their higher current incomes and expectations of continued improvement, hired labor to expand cultivation. The Department of Labor reported in 1952 that government and private business found it difficult to recruit labor, and that "contractors for roadworks, bridge-building, and other buildings found it difficult to retain their labour force. . . ." ¹⁵

But there is no need to rely on indirect evidence of rising rural prosperity or vague quotes from government reports. Galletti, Dina, et al., in their thorough study of Nigerian cocoa farmers, involving extensive fieldwork, reported for the years 1953-54:

Assuming that he worked twenty days in a month a farm labourer could make about £4 a month without difficulty and get in addition over 5s. worth of food. This was better remuneration than that of house servants or messengers in the cities and compared quite favorably with the salaries of junior clerks, mechanics or traders on a small scale.¹⁶

TABLE 2
INDEXES OF SELECTED UNSKILLED WORKERS' MONEY WAGE
RATES IN NIGERIA, 1950-54

YEAR	CONSTRUCTION	PEASANT AGRICULTURE	GOVERNMENT UNSKILLED ^a		
			Lagos	Port Harcourt	Kano
1950.....	100	...	100	100	100
1951.....	124	100	103	113	102
1952.....	173	114	127	132	143
1953.....	221	133	133	143	146
1954.....	248	147	144	162	174

SOURCES: Construction and peasant agriculture indexes are from Helleiner, *Peasant Agriculture* p. 447, and A. Aboyade, "Capital Formation in Nigeria" (Ph.D. diss., Cambridge University, 1960), vol. 2.

^a See table 1. The highest rate in each year was used.

¹⁴ If 1947 = 100 in each case, the index of the producer (marketing board) price for cocoa, palm oil, palm kernels, and groundnuts in 1951 was 332, 282, 336, and 225 respectively. Weeks, "Wage Behavior," p. 137 ff.

¹⁵ *Annual Report*, 1951-52, p. 9.

¹⁶ R. Galletti, K. D. S. Baldwin, and I. O. Dina, *Nigerian Cocoa Farmers: An Economic Survey of Yoruba Cocoa Farming Families* (London: Oxford University Press, 1956), pp. 214-15. With a standard government work month of 26 days, a Lagos unskilled worker earned less than £4.10.0 a month between April 1952 and November 1954, with a higher cost of living. Such workers, of course, earned less in other cities (£2.18.6. in Ibadan, for example, during the same period).

Evidence of the consequential upward pressure on urban wages is available and presented in table 2. Aboyade's data clearly show that government starting rates lagged behind private sector wages for construction labor and peasant agriculture during the period 1950-54. Other fragmentary evidence of private sector rates substantiate this relationship.¹⁷

Further evidence of labor shortage is provided by the colonial government's decision to end all restrictions on immigration to Lagos on 10 December 1952 (which had been introduced during the war). This decision reflected the reported shortages of labor for private firms and government during 1952 and into 1953.¹⁸

This evidence indicates that while political arguments about the wooing of wage earners by political parties are not irrelevant (any other behavior by essentially narrow based political parties would be strange indeed), it misses the essential causality. It indicates that Warren is incorrect when he writes, "the broad changes in real wages have borne no simple relationship to the general prosperity of the [Nigerian] economy" between 1950-51 and 1959-60.¹⁹ While I would not argue that the relationship is "simple," it was clearly direct. The constancy of money wages between 1947 and 1951 reflected the postwar labor surplus, and the subsequent rise in money wages reflected the increasing prosperity of the economy which eliminated this surplus.

This is not to say that politics played no part. Why the Western Region government responded by raising wages more than did the other governments is in part political (as well as being the result of increased revenues the regional government derived from cocoa prosperity).²⁰ There is a political element to be considered here, but I argue that economic forces set the limits for political action.

Having dealt with the period 1950-55, I turn to more recent trends. Table 3 provides a real wage series for 7 cities for the period 1953-69.²¹ The data include the period from the regionalization constitution in 1954 to the end of overt party politics with the coup of 1966.

The data indicate trends rather dismaying for those who argue that trade unions "have played an important role in mobilizing, magnifying, and channeling the discontent of government employees who have suffered a gradual erosion of their money wage. . . ." ²² While population figures for Nigeria are unreliable, one can roughly list the 7 cities in table 3 in order of

¹⁷ Compare, for example, private sector rates to the prevailing government rate in the same area in *Annual Report*, 1949-50 and 1951-52, p. 61 and p. 73 respectively, and the *Quarterly Reports* for these years.

¹⁸ *Annual Report*, 1952-53, pp. 13-14.

¹⁹ Warren, "Urban Real Wages," p. 35.

²⁰ It should be pointed out, however, that wages in Western Nigeria were raised several times from 1950 to 1955 (7 times in Ibadan alone), and only one of these was initiated by the Action Group.

²¹ Only Lagos has earlier cost of living data. See Berg, "Real Income Trends," in *Economic Transition*, pp. 234-35, for a discussion of the unreliability of the 1949-52 figures. Price indexes are available for several cities of former Western Nigeria beginning in 1953, but include local foodstuffs only.

²² Kilby's article, p. 500.

TABLE 3
REAL WAGE INDEXES FOR UNSKILLED GOVERNMENT WORKERS
FOR SELECTED NIGERIAN CITIES, 1953-69

YEAR	LAGOS	IBADAN	BENIN ^a	ENUGU	PORT HARCOURT	KADUNA	KANO
1953.....	100	100	100	100	...	...	...
1954.....	103	112	110	111	...	...	...
1955.....	126	191	159	149	...	...	...
1956.....	116	177	169	139	...	...	...
1957.....	114	173	166	139	100	100	...
1958.....	114	184	175	136	99	98	100
1959.....	123	194	188	145	104	101	102
1960.....	129	200	178	159	111	112	114
1961.....	122	186	173	154	103	104	110
1962.....	117	172	151	127	100	98	105
1963.....	117	184	168	132	104	102	107
1964.....	150	219	217	189	129	128	138
1965.....	144	212	201	188	122	124	132
1966.....	132	190	147	162	120	116	116
1967.....	137	157	164	...	...	120	114
1968.....	134	162	177	...	...	118	121
1969.....	123	164	153	...	...	104	114

^a Money wages are deflated by all-inclusive cost-of-living indexes, except for the case of Benin, in which the index included local foodstuffs only.

TABLE 4
REAL WAGE RATES OF GROWTH FOR UNSKILLED GOVERNMENT WORKERS
FOR SELECTED NIGERIAN CITIES, 1953-69
(In Percentages)

RATE TYPE AND PERIOD	LAGOS	IBADAN	BENIN	ENUGU	PORT HARCOURT	KADUNA	KANO ^a
Average annual							
1953-65.....	3.7	9.3	8.4	7.3	...	...	...
1953-69.....	1.4	4.0	3.3	...	...	...	...
1957-65.....	...	...	...	...	2.8	3.0	4.6
1957-69.....	...	...	...	...	...	0.4	1.3
Compounded							
1953-65.....	3.1	6.4	6.0	5.4	...	...	...
1953-69.....	1.3	3.1	2.7	...	...	...	...
1957-65.....	...	...	...	...	2.5	2.8	4.1
1957-69.....	...	...	...	...	...	0.4	1.2
Adjusted ^b							
1953/55-1969	1.6	1.3	2.2	3.3	...	...	...
1957/59-1969	...	...	...	...	3.0	1.3	1.1

SOURCES: See table 1.

^a Base year 1958.

^b The adjusted rate gives the compounded annual rate for each series "smoothed out" by a 3 year moving average, using latest data in each case (1969 except for Enugu and Port Harcourt). Its purpose is to demonstrate that my choice of end years in previous rows does not bias the results. Indeed, inspection of the adjusted rate indicates that the end years chosen for the average annual and compounded rates are biased against my argument. Base years other than 1953 give much lower growth rates.

descending proportion of recorded wage earners to the total labor force: Lagos, Port Harcourt, Enugu, Kaduna, Kano, Ibadan, and Benin.²³ This ordering is striking when compared to table 4—the cities with the highest proportion of wage earners had the lowest average and compounded rates of growth of real wages for the period 1953-65. Real wages rose least in Lagos and Enugu and most in Ibadan and Benin. For 1957-65, real wages again rose least in Port Harcourt, slightly more in Kaduna, and fastest in Kano. If trade unions possessed the power to protect their members against erosion of real wages, they did not use it very rationally.

Further, bringing the data up to the present, we see that the increase in real wages has been meager indeed. There is, of course, no cost of living data for Enugu and Port Harcourt after 1966, but for the 5 remaining cities, real wages in no case increased an average annual rate in excess of 4.0 percent (or at a compounded rate in excess of 3.1 percent). In 3 of the 5 cases the rate was less than 2.0 percent per annum! Such meager increases raise questions as to the political potency of Nigerian trade unions.

These rates of increase are particularly meager when placed against relevant yardsticks. According to official statistics, Nigeria's gross domestic product at constant prices grew at an average annual rate of 6.8 percent (compound rate of 6.0 percent) from 1958-59 to 1966-67.²⁴ If we assume that population has been growing at 3.0 percent (which is quite a high estimate, notwithstanding the ridiculous rate of *over* 5 percent implied by the 1953 and 1964 censuses), then average per capita income for the population as a whole has been increasing at 3.8 percent per year (3.0 percent compounded). Though the GDP figures (as is the case for most developing countries) are highly unreliable, we can conclude that government wage earner real incomes have not apparently increased as much as overall incomes, and to the extent government rates are indicative of private rates, wage earners in the enumerated sector have done no better and perhaps worse than the population as a whole.²⁵ This evidence indicates that the current exchange should be over why trade unions have been so *unsuccessful* in "mobilizing, magnifying, and channeling the discontent of government employees," not the reverse.

Not only have government real wage rates increased little in absolute terms, the increase is hardly in the same league with government real wage rates elsewhere in English-speaking Africa. Table 5 compares the movements in real wages in the capitals of Nigeria, Uganda, and Kenya. This

²³ I would accept that the order of Enugu and Kaduna, as well as of Kano and Ibadan, might be reversed.

²⁴ Nigeria, *Annual Abstract of Statistics, 1967* (Lagos: Federal Office of Statistics, 1968), p. 138. Kilby (*Industrialization*, p. 281) provides a comparison of urban real wages and per capita income. However, the results are questionable: (1) he does not tell us what assumption he makes about population growth; (2) the series spans the years in which the basis of calculating GDP changed, which is why an unbroken series cannot be pushed beyond 1957, at least if it is to be meaningful; (3) a small point, his index of real wages for Kaduna has the base year 1953, but the official price index did not begin until 1957 for this city; and (4) his data end in 1965.

²⁵ The strong link between public and private sector wages represents a major element in the arguments of both Warren and Kilby.

TABLE 5
INDEXES OF REAL WAGE RATES FOR UNSKILLED WORKERS IN
UGANDA, KENYA, AND NIGERIA CAPITALS, 1951-68

YEAR	KAMPALA UGANDA	NAIROBI KENYA	LAGOS NIGERIA
1951.....	100	100	100
1952.....	110	108	132
1953.....	76	113	133
1954.....	90	134	137
1955.....	137	160	168
1956.....	147	176	154
1957.....	159	179	152
1958.....	154	177	152
1959.....	189	188	159
1960.....	200	202	172
1961.....	173	209	163
1962.....	253	217	156
1963.....	250	263	156
1964.....	343	304	200
1965.....	300	287	192
1966.....	302	280	176
1967.....	294	285	183
1968.....	311	283	179
1954.....	100	100	100
1968.....	346	211	131

SOURCES: (1) Uganda, *Statistical Abstract* for 1961, 1964, 1967, 1968, Walter Elkan, *Migrants and Proletarians: Urban Labour in the Economic Development of Uganda* (London: Oxford University Press, 1960), p. 81; and J. B. Knight, "The Determination of Wages and Salaries in Uganda," *Bulletin of the Oxford Institute of Economics and Statistics* 19 (October 1967). (2) Kenya, *Statistical Abstract* for 1955/56, 1965, 1968, 1969. (3) Nigeria, see table 1.

table suggests that what one should be asking is: why have wages risen so little in Nigeria?²⁶

These data also weaken the trade union power argument in another way. Though real wages have risen much faster in Kenya and Uganda, there is little evidence that trade unions have had much role in this process. The wage increases have largely been the result of colonial and postcolonial policies, and trade union pressure does not appear to have been a major factor.²⁷ The lesson to be learned is that one may obscure basic causalities by attributing every deviation from the ideal Western model of a competitive labor market to trade union behavior.

This leads to my final point. Cohen has questioned my argument that wage earners as a group may exert pressure on government and represent a significant political force, without this implying a significant role for trade

²⁶ Ghana is the only country in former British Africa with usable data where real wages have not risen faster than in Nigeria. J. B. Knight's forthcoming study should illuminate the Ghana situation.

²⁷ John F. Weeks, "Wage Policy and the Legacy of Colonial Rule: A Comparative Study of Kenya, Uganda, and Nigeria," *Journal of Modern African Studies*, forthcoming 1971; also J. B. Knight, "The Determination of Wages and Salaries in Uganda," *Bulletin of the Oxford Institute of Economics and Statistics* 19 (October 1967).

union institutions. A similar mechanism has been suggested by J. B. Knight in his excellent work on wages and salaries in Uganda.

It may appear from this description that unions in Uganda have not had much influence on the wage of the majority of workers. Nevertheless, urban workers as a group may be able to influence government policy to their advantage, *even without help of trade union organization*. Urban workers are more conscious politically than the peasantry, more articulate, more visible to government leaders.²⁸

While one cannot generalize from a single case, the Nigerian experience indicates what has been discovered almost universally for developed countries and what Marx argued a century ago—trade unions have considerable difficulty raising real wages in the long run within a capitalist economy in the absence of favorable economic conditions.

²⁸ Knight, "Determination of Wages," p. 250, italics added.

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