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BRITISH DECOLONIZATION ECONOMIC POLICY AND THE GROWTH OF PUBLIC ENTERPRISES: A CASE OF WESTERN NIGERIA, 1946-1960

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ABSTRACT

This is a study of British economic philosophy for Nigeria during the decolonization period, 1946 -1960. Several authorities have written on British decolonization economic policy with most of them concluding that it was a failure. British officials whose national axiom and orientation were overwhelmingly opposed to socialism formulated and implemented the policy under the aegis of the ruling Labour Party that was disposed to welfarism. The process of formulating the policy did not sufficiently involve British colonial officials in Nigeria and almost completely excluded Nigerians. The Nigerian political leaders that were handed the British policy were neither socialists nor capitalist but adopted mixed economy as the national ideology. This paper demonstrates that the*Colonial Development and Welfare Act* that ushered in long term development planning on whose threshold the public enterprises were established in the British colonies, for example, Western Nigeria failed because it was replete with contradictions.

KEYWORDS: *Decolonization Policy and the Birth of Public Enterprises in Nigeria, 1946-1960*

INTRODUCTION

The objective thrust of British colonial policy was clear to its colonial officers that foremost Britain would be the beneficiary of colonialism.[1] The British economic paradigm was settled when Lord Frederick Lugard asserted that European brains, capital and energy have not been and would never be expended in developing the resources of Africa for motives of pure philanthropy. However, several factors converged to tilt the character of the British colonial economic policy in its colonies from the 1940s. Among such factors were the commencement of World War 11 in 1939, the United Nations Charter of 1944 that provided for self-determination for colonized people and the liberalization of world trade in accordance to the whims and caprices of the developed states.

In 1940, the British Parliament passed into law the *Colonial Development and Welfare Act*, which it claimed was for the socioeconomic development of its colonies. By 1943, the Colonial Office in London was yet to establish a structure to implement the development and welfare schemes.

After several years of preparation and review, the British Parliament promulgated the Colonial Development and Welfare Act, 1946-1955 for Nigeria in 1946. The promulgation ofthe Colonial Development and Welfare Act for Nigeria

[1] Britain was never prepared to spend large amount of funds from its imperial exchequer in policing its colonies. It sought to make the colonies self-sufficient in the area of law and order. Indirect Rule, a form of devolution of power was a necessity to reduce cost of administration. See G. Kay. 1982. *Development and Underdevelopment: A Marxist Analysis.* London: Macmillan, p.106.

coincided with the introduction of Richard's constitution that gave legal backing tothe division of Nigeria into the Eastern, Northern, and Western regions in addition to the Lagos Colony in 1946. The Colony Development Board was the principal agency of the Central Colonial government of Nigeria for the development of Lagos Colony.[2]

Between 1948 and 1952, the British colonial administration created seventeen public enterprises. Prominent among the public enterprises were the Commodity Marketing Board, Produce Marketing Board, Northern Region Production Development Board, Western Region Production Development Board, Eastern Region Production Development Board, Colonial Development Council, Department of Marketing and Export and Cotton Marketing Board, Groundnut Marketing Board. They were under the auspices of the Department of Commerce and Industry, and Department of Local Industries.[3]

John Macpherson's administration claimed that it would encourage the development of a balanced economy of public and private enterprises as its thrust for industrialization of Nigeria. With a surplus of £276m recouped from the marketing boards on the export of cocoa, palm produce, rubber, cotton and groundnut, it did appear that the development programme of the colonial authorities would be on course. Surprisingly, the government created huge reserves and at the same time resorted to raising loans from British financial institutions to finance its projects.

On the floor of the House of Representatives, a federal legislator, Ibraham Iman, questioned the rationale for the huge borrowings by the colonial government and investment of the external earnings of the government in securities at less interest rate than the borrowed funds attracted.[4] The colonial government gave the impression that without foreign capital, development of Nigeria would not be achieved. Other legislators showed their indignation. In a similar vein, Obafemi Awolowo queried the impact of the European development officers on the economy of Nigeria. He observed that a large number of them drew remunerations far below the proportion of the effort they put in carrying out their functions.[5] In intent and implementation, as a document of decolonization, the Colonial Development and Welfare Act was designed toentrench the colonies into the orbit of British capitalism.

The Western Nigeria Development Plan of 1962-68 was said to have been designed to accelerate the process of economic growth and development, attract foreign capital, and acquaint the workforce with new skills.[6] It was estimated by the government that the development plan would cost £240m. The plan was expected to restore a favorable balance of payment for the region and create enabling economic environment for investors to make fair returns on their capital. As a result of the adverse impact of the political crisis in the region, it was imperative that the regional government assured entrepreneurs that it would ensure peace, provide safeguards against political control of their enterprises and infrastructures

[2] NAI. File No. 1177. VOL. 25. Colony Annual Report.1953, and Colony Divisional Annual Report. 1953.

[3] The establishment of the marketing boards marked another significant phase of merchant capitalism in Nigeria. Nigeria was seen as one of the indispensable source of new materials for industrial production in Britain to boost its industrial capitalism. See G. Kay. 1982. *Development and Underdevelopment: A Marxist Analysis.* London: Macmillan, p.106

[4] Nigeria.1942. Legislative Council Debates, 4th, 7th, and 15th March, 1940. Lagos: Government Printer, p.26. Geofrey Kay was correct to have claimed that much of British capital invested abroad before and after World War II did not find its way into its colonies but in British financial and investment houses. The colonial states invested the funds for interest and withdrew the funds from the investment houses to execute gradually and in bits that could not finance tangible projects within a short period. See G. Kay.1982. *Development and Underdevelopment: A Marxist Analysis.* London:Macmillan. 1982, p. 106.

[5] O. Obafemi. 1989. *Voice of the Voiceless.* Ibadan: ANN Ltd., p.60.

[6] Western Nigeria Government.1964. *Trade and Industrial Directory*. Ibadan: Government Printer, p. 4.

for business efficiency.[7] It promised not to engage in discrimination against foreign investment on tax matters and expropriation of funds owned by them. The investors were assured that the Government would not confiscate foreign investments within the region.

On its own part, the Federal government guaranteed tariff protection for industries against importation of cheap commodities from overseas. It allayed the fears of foreigners that nationalization of their investments in Nigeria was not being contemplated. It went a step further and enacted the Import Duty Relief Act, No. 27 of 1957. This law permitted the refund of the whole or part of the import duty payable on raw materials, partially processed from overseas or services that would lead to an overall economic advantage of Nigeria.[8]

Direct Investment in the Economy by Government

Robin Law opined that economic growth might be promoted or obstructed by the prevalence of particular ideas and values. However, he claimed that political action and ideological development could equally slow down or accelerate economic development, but might not change the essential momentum or direction of this development. The ideas of scholars like John Maynard Keynes, Beverigde and A. H. Hansen influenced the British colonial government to adopt public enterprises as a veritable instrumentality of economic development that does not negate capitalism.

In his book, *The General Theory of Employment, Interest and Money,* John M. Keynes highlights the necessity for interventionist role of government as an investor in the productive sector of the economy. John Keynes theory elucidates that capitalist economy is prone to cyclical depression as witnessed between 1929 and 1933, because market forces were left to determine equilibrium, which it is incapable of achieving and sustaining in the long run.

One of the fundamental propositions he made is that capitalism if left to its devices is an unstable economic system. Furthermore, he asserted that capitalism cannot provide full employment or adequate utilization of resources without state intervention. He warned that failure to introduce direct government intervention in the productive sectors of the economy was fraught with tragic consequences that could threaten the very existence of the capitalist system.[9]

The motive of profit maximization makes capitalism less concerned about the social welfare of workers and the micro-economy. Capitalism leaves a widening gap of unattended social responsibilities, according to John Keynes. He proposed that government's economic policy should express its social responsibilities in a way that its actions are not only being determined by the motive for profit maximization. He expounded further that governments should participate directly in production and provision of goods and services to create employment, raise the purchasing power of workers and consumers, stimulate effective demand and increase production simultaneously.[10]

Keynes envisioned the possibility of full employment in an economy. He associated effective demand with full employment and further posited that these conditions can be achieved when the propensity to consume and the inducement to invest stand in optimum relationship.[11] Keynes also postulated that increased employment for investment must, of necessity, stimulate industries to produce for consumption and thus lead to a total increase of a multiple of employment

7 Western Nigeria Government.1964. *Trade and Industrial Directory*. Ibadan: Government Printer, p. 4.
8 Western Nigeria Government. *Trade and Industrial Directory*.Ibadan: Government Printer, p. 4
9 J.M. Keynes. 1964. *The General Theory of Employment, Interest and Money*.London: Macmillan, p. 28
10 J.M. Keynes. 1964. *The General Theory of Employment, Interest and Money*. London: Macmillan, p.28
11 J.M. Keynes . 1964. *The General Theory of Employment, Interest and Money*. London: Macmillan, p.118

required by the investment itself. Although there could be frictional and involuntary unemployment, there will exist no involuntary unemployment, according to him.[12] The most critical contribution of the theory with regard to public enterprises was the provision of stabilization for capitalist economy by direct state intervention.

- In 1941, the Labour Party in Britain introduced Keynesian principles in its economic policy for the governance of Britain and its colonies. According to Kenny Scott, the British government tinkered directly in every sphere of the nation's economy. Many industries were nationalized.[13] A long term industrial expansion planning was adopted for Britain and development planning for its colonies.

Beverigde advocated that achievement of full employment is attainable. A state can even create a situation where there are more vacant jobs than unemployed men, according to him. Both Beveridge and Keynes believe that it is better to employ people on useless, but harmless projects than leaving them unemployed because the wages they are paid would form the aggregate purchasing power of an economy that could stimulate production. Their emphasis is that state should play a central role to achieve full employment through taxes according to Beveridge.[14] Keynes admonished that the state can borrow to implement activities that would result in full employment. The persuasiveness of Keynesian theory stimulated both the capitalist, socialist and non-aligned states to enlarge their interest in public enterprises from the 1930s through the 1960s in order to meet the socioeconomic needs of industrialization and modernization. Argument of scholars like R. R. Rostow that the index of modernization cannot be measured merely on income per head in the society, but the degree of education, availability of medical services, the proportion of the population in urban areas, intensity of communication, degree of industrialization and direct state investment in an economy, might have helped to widen the scope of development activities seeking for government attention.[15]

Following the critical role public enterprises were playing in the development of national economies, A.H. Hansen advised that whatever the ultimate perception may be, a country anxious to develop economically has no alternative but to use public enterprises on a large scale or at the very least to get things done.[16] V. B Sigh's thesis went further to postulate that an economy cannot be successful until it's commanding 'heights' are under the ownership of the state and its agencies.[17]The report of the International Bank for Reconstruction and Development (IBRD) mission to Nigeria reiterated that it was inevitable for developing countries to employ pub1ic institutions should they engage directly

[12]J.M. Keynes. 1964.*The General Theory of Employment, Interest and Money.* London: Macmillan,p.118 Lenin maintained that British colonialism, neo-colonialism and imperialism were adopted by Britain for its interests. Some of such interests were to settle its excess labour force, create new markets for its industrial goods. These measures were aimed to solve social problems that were feared could lead to unrest or even civil war, hunger and frustration. See Lenin. 1978.*Imperialism, the Highest Form of Capitalism.* Moscow: Progress Publications, 1978, p.75. John. A Hobson was the renowned historian. Hedraw our attention to British economic imperialism in 1902. In his thesis, he argued that conquest and colonisation of the underdeveloped economies by Britain was necessitated by its needs to create external market for its excess domestic production. In his study on metropolis-satellite colonial structure and development of capitalism in Latin America, Andrew Gunder Frank came to the truth but sad conclusion that "national capitalism and national bourgeoisie do not and cannot offer any way out of underdevelopment…" See A.G. Frank. 1969. *Capitalism and Underdevelopment in Latin America.* New York: Monthly Review Press,p.xv

[13] K. Schott.1984. The Rise of Keynesian Economics in Britain, 1940-64. David Held, James Anderson. eds. *States and Societies.* Oxford: MartinRobertsons, pp. 345 and 354

[14] A. Omoboriowo.1982.*Awoism.* Ibadan: Evans Brothers, p. 22.

[15] R.R.Rostow. 1964. The Task of Government.*Nigerian Daily Sketch*, August22, p.9

[16] A.H. Hanson. 1959.*Public Enterprises and Economic Development.* London: Routledge and Kegan Paul, p.23.

[17] O. Awolowo. 1970, *Strategy and Tactics of the Peoples Republic of Nigeria*. London: Macmillan, p.44.

in industrial development for transformation of the nation's economy.[18]

Certain policies of capitalist countries and international organizations also stimulated the growth of public enterprises worldwide and particularly in Western Nigeria. In 1936, the Nowell Commission of Inquiry set up by Britain recommended the setting up of marketing boards in British colonies. The marketing board, it recommended, should operate with significant autonomy, but under the supervision of an agency of the state. The Bretton Woods institutions in 1948 made capital available for the stabilization of exchange regimes and the reconstruction of national economies that were ravaged by the World War II. Other international capitalist institutions like the International Monetary Fund, World Bank, International Bank of Reconstruction and Development and the International Finance Corporation, in collaboration with the United States Agency for International Development, provided funds for expansion of already existing public enterprises and establishment of new ones especially in the less developed countries. Through these organisations, international capital was made available for nations, especially the less developed countries, to develop their infrastructures and provide goods and services through state corporations.

Colonial Development Economic Policy, 1946-56

Prior to 1929, the British colonial policy was that any of its colonies could only be developed with the resources exploited from it. It was against the policy of the British government to give loans for development of the colonies. With the passage into law of the Colonial Development Bill of 1929, the imperial British government appeared to have laid the foundation for a paradigm shift on its economic relations with its colonies. The primary focus of this legislation was to assist the development of commerce in Britain by promoting the schemes that would help in the realization of the objective of colonialism.[19] The law made provision for Britain to give loans to its colonies for establishment of infrastructures. It was by defunct that the colonies were to benefit from the Act. It was misleading for the British government to have given the legislation a title that connoted the development of the colonies as its main thrust.

By 1943, the Colonial Office in London set up the Colonial Economic Advisory Committee (CEAC). The CEAC was charged with the responsibility to advise the Colonial Secretary on the general development of the colonial people. The lowest governmental agency for articulation and preparation of the development plan was the Area Development Committee (ADC). The ADCs collated their proposals and forwarded to the Divisional Development Committee. From there the proposals were sent to the Provincial Development Committee. The Provincial Development Committees prepared a list of local crafts, local industries and projects for the consideration of the Nigerian Legislative Council. The Council made its inputs on the list before sending it to the Colonial Office in London through the Governor-General. There, it took the Colonial Office a long period of time to scrutinize the draft development plan before releasing the amended copy to the Nigerian central government that inadvertently distributed a relevant list of projects to the Divisional Authorities and the Divisional Development Committees. The principal duties of Provincial Development Committees were to arrange the co-ordination of activities within districts and the provinces and to ensure efficient and effective

18 NAI.File No. 2867/S.32.1951.Revised Plan of Development Proposal, 1950. 53. Also see Development and Welfare Act for Nigeria, 1951-1956.Ibadan: Government Printer, p. 3

19 NAI.CE/D1.Federation of Nigeria.1959. Report of the Advisory Committee on Aids to African Businessmen. Lagos: Federal Government Printer,p.6. It should be noted that in 1928, the Imperial British Government passed into law the Colonial Development Act. The primary objective of the legislation was to assist the expansion and development of British industrial and commercial economies by promoting infrastructural development in the areas of transportation and agriculture in British colonies to enhance linkages with the metropolitan economy.

utilization of men, materials and money.[20]

The doctrine of individual self-sufficiency of British colonies gave way for policy of self-development with the introduction of the Colonial Development and Welfare Act of 1945. The British Colonial Office had the mandate to provide funds for execution of specific projects of economic importance like agriculture in Nigeria. There was emphasis on provision of social services and communication.[21] Projects were divided into communication and economic development schemes. Each of the schemes was further divided into three categories. There were schemes for immediate economic returns as hydro-electric and irrigation. The second category of projects was expected to yield profit in the future. The last category of schemes contained projects that were pure social services without any direct returns on capital expended on them. Although a lot of feasibility studies were carried out, vital critical factors for the success of the programme were not adequately put in place at the implementation of the plan.

In 1946, the Colonial Development and Welfare Act, 1946-56 was claimed by Britain as its post-world war development programme for its colonies. It fell short of a development plan. According to OjetundeAboyade, "it was a mere catalogue of ill- related proposals with ill-defined goals and no coherent statement of policy."[22]

In 1947, the Nigerian intelligentsia mainly from the labor movement, basically those in the Zikist Movement, demanded that the colonial state should intervene in the economy to empower the citizenry to compete with European entrepreneurs and merchants. The labor movement, specifically, demanded for industrialization of Nigeria. The Movement preferred radical rather than a constitutional process of decolonization of Nigeria, which the British colonialism detested. The colonial government preferred that Nigeria concentrated on the production of agricultural produce for which it had a comparative advantage over industrial production.[23]Mechanization of agriculture was advocated by the government to boost agricultural productivity.

The need to implement programmes of the Development Plan and Welfare Act of 1946-56 resulted in the creation of several bodies. In 1946, the Nigerian Local Development Board was created to give loans and provide technical assistance to both private and public enterprises. The Regional Production Development Boards namely the Western Regional Production Development Board (WRPDB), the Northern Regional Production Development Board (NRPDB) and the Western Region Production Development Board (WRPDB) came into existence through Ordinance No. 27 of 1951.

As a result of this ordinance, the Colony Development Board that was created under the provisions of the Regional Development Board Ordinance of 1949 to take care of Epe, Badagry, Ikorodu and Ikeja was scrapped and its functions transferred to the WRPDB. The WRPDB had the mandate to promote agricultural productivity and direct government investment in the industrial sector. It was the responsibility of the WRDB to make credit facilities available to both public and private enterprises. These public agencies had the responsibilities of providing technical services and personnel, especial1y to public owned enterprises. The agencies were either non-existent or ineffectively managed and coordinated. These public servants who were relied on to provide technical services to the corporations had no training, skills and knowledge in running profit-making ventures.

20 NAI.CE/D1. 7.
21 NAI. File No. 2862/SD
22 O. Aboyade.1966. *Foundations of an African Economy.*New York: Frederick Praeger, p.150.
23 NAI.CE/D1.Federation of Nigeria. *1959 Report the Advisory Committee on Aids to African Businessmen, p.* 10.

In 1948, the Colonial Development Corporation was created to formulate and carry out development projects in British colonies. Its headquarters was in London. The corporation was empowered to borrow from the United Kingdom treasury £10m in the short run and £100m in the long run to finance development projects in the colonies. Repayment period was forty years.[24] The regional and colony development loan boards were established in 1949 as agencies for facilitation of operations in public corporation. They were authorized to give loans or grants for execution of public projects, promote plantation settlements and small scale industrial enterprises. Individuals, co-operative societies and partnerships were lent funds ranging from £50 to £100 by the development boards. Economic activities for which loans were dispatched included establishment of farms, rubber and cocoa plantations. Other projects funded by the loan boards were for establishment and expansion of tobacco, rice and cocoa plantations. They also financed corn, rice and oil palm mills, purchase of cassava grading machines, tailoring, blacksmithing, motor repairing, cabinet making and weaving.

By the 1950's, it was apparent that the CDC was failing; the development of local industries was yet to commence. The Divisional Development Committee that was charged with the responsibility of developing local industries could only boost of a list of hundreds of projects, mainly local crafts, for execution and letters of request to the British Colonial Office in London for technical assistance.

The implementation of the development plan depended on revenue from the colonies including Western Nigeria and financial aid from the Colonial Development Fund administered by the Colonial Office in London. For implementation of phase one that stretched from 1946 to 1950, the Colonial Office released to Nigeria the sum of £14m. Half of this fund remained in fixed deposit accounts of financial houses in Britain. This deposit continued till mid-1950, at the instance of the Nigerian Colonial administrators. In 1950, six years to the end of the development plan, the Colonial Office was yet to release £41m from the budget. Another factor that impeded the deve1opment programme was the lack of commitment by Britain to send enough qualified and skilled technical personnel to its colonies, including Western Nigeria. Even if it was committed to develop its colonies, the enormous human and material resources it was expending to reconstruct its economy and infrastructure devastated by the World War ll, incapacitated it to appreciably address the needs of its vast colonies.

In the making of the development plans, the colonial authorities did not adequately take stock of available resources, level of socio-economic progress already attained and existing relations of production. These factors were expected to have enabled them to formulate deliberate policies and programme, allocate resources to them in such a way to eliminate inequalities, promote living standard, reduce degree of dependence of Nigeria on Britain and create an economy that is largely self-reliant, at least in the long run.[25] The impact of the plan was mainly on the public sector.[26]

The plan ought to have guaranteed opportunities for the jobless to work for living wages and survival of society through education of the masses. However, the development plans formulated for Nigeria and its regions did not significantly achieve these objectives. In acknowledging its failure and disappointment over its performance, the Colonial government confessed in 1949 that attainment of the target of the ten-year plan was no longer tenable.

[24] P. Kilby. 1969.*Industrialisation in an Open Economy: Nigeria, 1946-1966*. London: Cambridge University Press,p.120.

[25] T. Falola and J. Ihonbere. 1985.*The Rise and Fall of Nigeria's Second Republic,1979-84*. London: Pitman Press, p. 2.

[26] O. Aboyade. 1966. *Foundations of an African Economy*. New York: Frederick Praeger, p.150.

In January 1950, the chairman of the Colony Central Development Committee, E. A. Carr, pointed out that progress in the implementation of the development plans had been slow since its inception in 1946. This situation was the same in the entire Western Region of Nigeria and the country. The gloomy picture of British development programme could be assessed even from its expenditure profile. Out of a budget of ₤55m for the 10 year development plan of 1946-56, only ₤14m was spent as at January 30, 1950, leaving a balance of ₤41m for the remaining period of five years.[27] He blamed lack of adequate funds and inadequate skilled manpower as being contributory to the abysmal performance of the colonial administration in implementing the development plan. He claimed that under the prevailing conditions, the development program was being implemented, it was impossible for the colonial state to alter radically the poor conditions and standard of living of the people. To compound the problems, local needs and input from Nigerians were overlooked in the preparation of the ten-year development plan.

With its obvious lapses, the colonial authorities were set to review the development program. Rather than providing critical elements like adequate funds, skilled personnel and well-articulated policy, the Colonial Secretary insisted to cut down the budgeted revenue. This revisionist policy was made to "discourage any attitude of irresponsible dependence on the benevolence of the government."[28] Later the Colonial secretary insisted that it would be self-defeatist for the Colonial governments to saddle themselves with crippling burden of recurrent charges on capital that would not yield early returns. The Commissioner of the Colony, E. A. Carr and the Development Secretary, C. J. Pleass disagreed with the position of the Colonial Office.

In 1950, E. A. Carr pointed out to the Colonial Office in London that progress in the implementation of its programs had been slow since 1948.[29] They argued that since the prices of goods and services had increased, the obvious positive step to take was to increase the budget from £55m to £68m. Suffice to state is that in the 1946-56 Development Plan, the British Government was to provide a loan of £23m while the balance was expected to be raised from Nigeria.[30] Part of the process of raising the loan from Nigeria was the enactment of the Local Loan (Regional Stock, No.2 of 1946 and Securities) Ordinance and the Local Loan Ordinance of 1946. These legal instruments gave impetus to the Nigerian Colonial Government to raise loans by means of registered stock, government promissory notes and government bonds.[31]

The Governor-General was expected, according to the Local Loan Registered Stocks and Securities Ordinance of 1946, to specify the amount of money to be raised by loan within Nigeria, the mode of raising the funds, rate of interest, period of maturation of the equities and date of redemption.[32] C. J. Pleass also lamented that the Colonial Office in London was not adequately consulting with the colonial administrators in the colonies in the process of making and reviewing the development plan. While advising the Provincial Officers of Epe, Ikeja, Badagry and Ikorodu on March 31, 1950, to improve in the implementation of development plans, E. A. Carr regretted that to a great extent, in the Ten Year Development Plan and the Colony Development Programme, local needs of the people were overlooked.[33]It is obvious that there were contradictions between the aspiration and dedication of the colonial officers in Nigeria to work and the

27 Nigeria.1951. A Revised Plan of Development and Welfare Act, 1951-1956. Ibadan: Government Printer, p. 4.
28 Nigeria. 1942. Legislative Council Debates, 4th, 7th and 15th March, 1940. Lagos. Government Printer, p.26.
29 NAI, File No. 28262/s.32.
30 -------------. File No. 2862/S.3/92
31 -------------. File No. 2862/S. 26
32 -------------. File No. 2862/S. 26.
33 NAI, File No. 2862/S.3/92

preparedness of the British Colonial Office in London to provide enabling policy and resources to attain the goals of the development plan.

In terms of process, Pius Okigbo asserted that no doubt the 1946-56 and 1956-60 development plans had some socialist-welfarist strategies, but its formulation process was not democratic.[34] The colonial officers at local levels of government were not consulted. The opinions Nigerian representatives at the regional and federal legislative houses, local people and communities were not sought. Later the plan was reviewed downward. The downward review of the budget was unnecessary if the aim of the British government was the development of Nigeria because inflation had already reduced the services and targets of the plan. More so, at the time of the orchestrated review in 1950, the Colonial government had ₤41m of the budget unspent with only four year to the end of the planned period. One of Nigeria's Governor-Generals, Bernard Bourdillon, correctly summed up that Britain failed in its duty to promote the economic welfare of colonial people. He pointed out that lack of funds, sadly, retarded progress in the development of educational and medical facilities that were in dire need of the people.[35] However, the Colonial Economic Advisory Committee succeeded on its most critical priority in enlisting and deploying to work in Nigeria, demobilized World War II British soldiers, most of who knew nothing about the technical jobs they were sent to do. It is, therefore, no doubt that the Colonial Office, with the use of the word 'development' in its policy of economic and social programs, did not actual1y mean activities that were capable of significantly transform the socio-economic fortunes of the colonies on a permanent basis, but rehabilitate and economically empowers demobilized British soldiers. No wonder, the Nigerian nationalists, especial1y under the auspices of the Zikist Movement showed dissatisfaction over the slow pace of economic development and non-competitiveness of Africans in economic activities in Nigeria against huge European merchant capital. They demanded a paradigm shift from agriculture to industrialization of the economy and involvement of Africans in making decisions on issues that affected them.

On February 21, 1952, a legislator, A. Adelabu, warned in the Western Regional House of Assembly (WRHA) that while British political control in Nigeria was fading, its economic imperialism was gradually gathering momentum.[36] The WRHA did not have the power up to 1952 to amend or approve the development estimate of the region. On February 26, 1952, the Financial Secretary to the government of the Western Region informed the Regional House of Assembly that the British government would no longer provide funds for further development of the region. The WRHA was cautioned against adding projects that were not in the original plan. Members of the WRHA wondered why they should not have input in the development plan of their region. They averred that the development plan ought not to have been tabled before the legislative house for discussion since they were not expected to make any input to it. They were, however consoled by the Financial Secretary that the 34 members of the Central House of Assembly whom the Development Secretary claimed were competent to debate the plan would represent the interest of the Western Region satisfactorily.[37]

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34 Osifo-Whiskey.1987. Top Speed in the Slow Lane. *Newswatch.* October 5, p. 32.

35 T.Forest.1995.*Politics and Economic Development in Nigeria*.Oxford:Westview Press, p.35. See Teriba.1966. Development Strategy, Investment Divisions and Expenditure Patterns of a Public Development Institution: The Case of Western Development Corporation, 1949-1962.*Nigeria Journal of Economic and Social Studies*. 8/2, pp. 256-258.

36 Western Region Government. 1953. Western Region House of Assembly Debates.16th-27th February. Ibadan: Government Printer,p.162

37 Western Region Government. 1952. Western Region House of Assembly Debates.16th-27th February. Ibadan: Government Printer, p. 162.

Paramount to the British Government in the decolonization process was that its interests were protected. Among British interests was the mandate to ensure that socialism was not introduced in the Western Region or any of its colonial territories. From the perspective of the British colonial state, the statutory corporations or boards would be free from complications associated with direct management by the government. The statutory boards, according to the Colonial Government, should have legal right to operate with autonomy and freedom for them to be able to carry out their assigned charters. The corporations were mandated to provide cheaper products or services, make a profit, protect and project public interest. However, the British Colonial officers argued that the paramount interest of the Colonial government was the development of the colonial people and not to exploit them.[38]

Meanwhile, the bureaucracy that the indigenous political leadership inherited from the colonial administration was, at the top level, educated and, in general terms, disciplined. It was a political move and completely excluded from the influence of socialist states. It was not educated in the socialist philosophy of long term planning, colonial development plan, model of a welfare state and public enterprises, which the British government formulated and imposed on its colonies. It was not trained to articulate policies to enhance growth of the private sector economy and to efficiently manage public enterprises. The public servants were determined to succeed on sheer demonstration of their patriotism to the nationalist cause; a consciousness that was prevalent in the region especially among the elite class. They muddled through and recorded moderate success in the 1950s until corruption, political conflicts and expropriation of the accumulated financial reserves from the marketing board overwhelmed their meager competence.

By 1950, the British colonial administration in Western Nigeria could only boast as it most outstanding achievements with its Colonial Development and Welfare Act the establishment of the Ogbomoso Farm School (opened in January 1949); Fashola Stock Farm; Oil Palm Reach Station in Benin; Poultry Development Centre and, a few insignificant enterprises. Ventures like construction of markets and making petty loans available to entrepreneurs dominated the colonial development plan. In 1952, the Department of Commerce and Industry established the Textile Mechanical and Training Center (TMTC). Significant was the fact that the TMTC provided training in cotton manufacturing and general textile technology. Its students were mainly from Southern and Western Nigeria. In 1953, the Lagos Executive Development Board approved 6 loans of £8, 400 for petty entrepreneurs. The board also approved grants of £93,706 for construction of three markets in Epe Division out of 48 applications for £330,501 it received.[39] The Epe Boatbuilding Yard commenced building of 12-15 tons of diesel-driven barges. At different times loans of £30,000 and £35,000 were given to the Ikorodu Ceramics Industries.[40] This was the only indigenous firm that received the biggest sum of money as loan during the colonial era. These modest achievements did not justify the amount of efforts and funds expended through the decolonization policy whose formulation started in 1940.

Apart from lack of skilled training officials, the Colonial Development Board encountered low rate of repayment of loans by the indigenous entrepreneurs. The Colonial Development Board observed that persons whose projects were financed with loans and given technical assistance and advice from the board displayed the most carefree irresponsibility in meeting their obligations.[41] It lamented that its resources were being depleted by individuals who lacked moral standard

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[38] See W.Kolarz. 1950. Article in the *Nigerian Review*. October 28. Also see NAI, File No. CD, p.135.
[39] NAI. File No. 1177.Vol.25. 1953.Colony Annual Report.
[40] NAI. File No. 1177.Vol.25. 1953.Colony Annual Report.
[41] NAI. File No. 1177.Vol.25. Colony Annual Report.

and business capacity.[42] This could explain one of the reasons for surplus budgeting of the board. For instance, in 1953, out of petty £55,653, the Lagos Executive Development Board expended £42,258, leaving £12,295 as surplus.[43]

In 1955, the Obafemi Awolowo led-Western Region government launched its 1955-60 Development Plan; focused on undertaking projects for which individual initiatives and private capital were inadequate to execute. The government's efforts were to complement the private sector economy and not to be in competition with it. The objective of the plan was to increase agricultural and industrial productivity within the territory with the aim of improving the people's standard of living.[44] To pursue the goal of the development plan, the government established a network of communication. This measure aimed at facilitating both the private and public sectors to embrace and implement government program. In order to motivate workers in public and private sectors and enhance their purchasing capacity, which was expected to stimulate higher productivity, the nationalist Government increased the wages of its workers and instructed the other employers of labour to follow suit. The economic activities of the public sector were expanded with the aim of creating multiple linkages in the regional economy.[45]

In 1955, the legal instruments of the already existing public enterprises were reviewed and a few ones were created by each Regional House of Assembly. The primary mandate of the public enterprises was to carry out the functions of development within the regions they were domiciled. The Regional House of Assembly legislations made provisions for indigenization of the public enterprises and development agencies. The public enterprises were to be provided with more funds than they had before 1955. At the central government level, the Federal Loan Board was created. Like in other regions, the Western Region Finance Board and the Western Region Production Development Board did not deviate from the legacies of the colonial administration, as if they were being teleguided.[46]

There were no significant drives towards industrialization by the colonial administration. The fundamental issue was that sustainable economic transformation of the economy could not take place because of unresolved contradictions arising from application of a socialist tool of economic development, a long-term plan on a primordial capitalist mode of production that was under constant suffocation by domestic weaknesses and new international philosophy of finance capitalism that were the outcome of Bretton Wood Conference of 1948. By subjecting the Nigeria economy to long-term plan within the framework of a mixed economy, the British colonial government institutionalized a fundamental weakness in Nigeria economic philosophy that outlived the nation's political independence in 1960.

CONCLUSIONS

The decolonization and welfare policy of the British government and the colonial state was a ruse. The foremost Nigerian nationalists did not give serious attention on how to rid the country of neo-colonialist economic philosophy and structure. That this happened was neither an oversight nor exhibition of intellectual poverty as Peter Ekeh posited. Through its decolonization orientation programme for the Nigerian nationalists, the Britaintermed itscolonial economic policy

42 NAI. File No. 1177.Vol.25. Colony Annual Report.

43 NAI. File No. 1177.Vol.25. Colony Annual Report.

44 Government of Western Nigeria. 1961. An Appraisal of the Development of the Western Nigeria, 1955-60.Seasonal Paper No. 8 of 196, p. 2.

45 -------------------.1953. An Appraisal of the Development of the Western Nigeria, 1955-60Seasonal Paper No. 8 of 1961, p. 2

46 Federation of Nigeria.1959. Report of the Advisory Committee on Aids to African Businessmen, p. 12.

'development and welfare plan,'but ensured that its national interest was protected even in post-independence Nigeria. Robin Luckham correctly asserted that the British colonial government ensured before granting independence to Nigerian indigenous bourgeoisie in 1960, that it had successfully groomed a political class that would protect its interest in the post-independence Nigeria.[47]On the part of the governed, James O'Connel partially captured the collective psyche of the Nigerian political class as having the illusion that there were enough money and time for themselves, therefore they remained for vital years isolated from the urgency of economic development.[48]

The decolonization policy and the manner it was implemented were replete of contradictions. The use of the public enterprises for the development of Nigeria was replete with problems that included lack of clear vision by the colonial authorities on what should be done and how it should be done. In search of development ideology, the ruling political class in the Nigeria oscillated from mundane capitalism, welfarism and socialism towards democratic and pragmatic socialism, but could not extricate itself from British metropolitan capitalism.

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2. [1]NAI. File No. 1177. VOL. 25. Colony Annual Report.1953, and Colony Divisional Annual Report. 1953.
3. [1]The establishment of the marketing boards marked another significant phase of merchant capitalism in Nigeria. Nigeria was seen as one of the indispensable source of new materials for industrial production in Britain to boost its industrial capitalism. See G. Kay. 1982. *Development and Underdevelopment: A Marxist Analysis.* London: Macmillan, p.106
4. [1]Nigeria.1942. Legislative Council Debates, 4th, 7th, and 15th March, 1940. Lagos: Government Printer, p.26. Geofrey Kay was correct to have claimed that much of British capital invested abroad before and after World War II did not find its way into its colonies but in British financial and investment houses. The colonial states invested the funds for interest and withdrew the funds from the investment houses to execute gradually and in bits that could not finance tangible projects within a short period. See G. Kay.1982. *Development and Underdevelopment: A Marxist Analysis.* London:Macmillan. 1982, p. 106.
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12. [1]J. M. Keynes. 1964. *The General Theory of Employment, Interest and Money*. London: Macmillan,p.118 Lenin maintained that British colonialism, neo-colonialism and imperialism were adopted by Britain for its interests. Some of such interests were to settle its excess labour force, create new markets for its industrial goods. These measures were aimed to solve social problems that were feared could lead to unrest or even civil war, hunger and frustration. See Lenin. 1978. *Imperialism, the Highest Form of Capitalism.* Moscow: Progress Publications, 1978, p.75. John. A Hobson was the renowned historian. Hedraw our attention to British economic imperialism in 1902. In his thesis, he argued that conquest and colonisation of the underdeveloped economies by Britain was necessitated by its needs to create external market for its excess domestic production. In his study on metropolis-satellite colonial structure and development of capitalism in Latin America, Andrew Gunder Frank came to the truth but sad conclusion that "national capitalism and national bourgeoisie do not and cannot offer any way out of underdevelopment…" See A. G. Frank. 1969. *Capitalism and Underdevelopment in Latin America.* New York: Monthly Review Press,p.xv
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