



Research Paper

The Contributions of Colonial Rule to the Weak Foundation of Nigerian Economy

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ABSTRACT

This paper centres on the contributions of colonial rule to the weak foundation of Post-colonial Nigerian economy. Nigeria was colonized by Britain and by 1960, Nigeria became independent. This paper argues that the activities of Britain in Nigeria during the colonial period have made Nigeria have a weak economic foundation even after independence. This paper contends that colonial rule has made Nigeria have a weak economic base or foundation as it discouraged the growth of indigenous or infant industries, and the development of science and technology and neglected the establishment of industries, it only encouraged cash crop production which has made Nigeria mere producer of raw materials, they encouraged the repatriation of profits made in Nigeria to Western economies, and this has made European markets very narrow for Nigerians, they adopted colonial monetary policy and management which favoured Europeans instead of Nigeria and introduced an incoherent and disarticulated economy into Nigeria. The method of collecting information for this work is the secondary source which involves information from written documents like published and unpublished works. Here, it should be understood that this happens because those colonial masters who were making investment decisions did this according to the principle of capitalist accumulation and exploitation characterized by making minimum input to get maximum output within a minimum amount of time. The theory used to explain this topic is the world system of the dependency paradigm.

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I. INTRODUCTION

Debate on the economic effects of colonialism on Africa (Nigeria) has been very emotionally charged as participants have seldom attempted to present a balanced view (Igwe, 2012: 741). At the same time, some Eurocentric scholars have eulogized economic management of colonial government but the proponents of the dependency paradigm conclude that the current underdevelopment of Nigeria is as a result of the way Nigeria was integrated into the global capitalist system. Proponents of the dependency theory conclude with the argument stated here as they contend that a dialectical relationship between development underdevelopment existed as western capitalist countries developed in the process of under developing Nigeria. In this work, the researcher does not take the part of colonial apologists who have downplayed the major ills of colonialism in Nigerian economy but he has thrown his heavy weight of support behind the dependency theorists who uphold the view that Nigerian weak economic base is traced to the negative impact of European activities during the colonial period

Definition of Colonialism

For proper understanding of this topic, colonialism has to be defined. In this direction, Chukwu (2000:16) defines colonialism as a cohesive foreign rule forced on indigenous people and it is characterized by economic exploitation of the colonized and distortion of the political and cultural institutions of the colonized. As stated by this definition, this foreign rule (colonialism) was not welcomed by Nigerians but was forced on them and its basic feature of exploitation, and capitalist accumulation have made Nigeria have weak economic foundation even after independence .

For proper understanding of this work, it is divided into manageable units of abstract, introduction, theoretical framework and the contributions of colonialism to the weak economic foundation of post-colonial Nigeria.

Theoretical Framework

For proper understanding of the contributions of colonialism to the weak foundation of Nigerian economy, the application of the new classical paradigm of the dependency theory becomes very necessary. Proponents of this theory contend that the current underdevelopment of Nigeria is as a result of the way Nigeria was integrated into the world capitalist system and that in the process of integrating Nigerian economy a dialectical relationship occurred between development and underdevelopment due to unequal exchange and Britain developed at the expense of Nigeria as Britain exchanged manufactured goods for Nigerian raw materials.

This encouraged excessive consumerism and led to underdevelopment of Nigeria while Nigerian raw materials stimulated industrial growth and development in western capitalist economy (Britain). This theory is being applied as this unequal relationship or exchange between Britain and Nigeria has made Nigeria have a weak economic foundation even after independence from colonial domination.

Contributions of Colonialism to the Weak Foundation of Nigerian Economy

Through the existence of a dialectical relationship between Britain and Nigeria leading to unequal exchange between the two nations, Nigerian economy has become underdeveloped, thereby making the economy very weak. This weak foundation of Nigerian economy occurred as a result of the colonial activities discussed below.

First among these activities was that Britain encouraged agriculture – production of cash crops – in Nigeria. This cash crop economy was a change over from a subsistence economy and foreign private firms like Messers Miller Brothers and Co. Ltd which introduced plantation agriculture (Akpan, 2012: 731). At the same time, Akpan (2012:731) also states that the British agricultural policy did not favour the establishment of foreign owned plantation agriculture but established Nigerian owned plantations, nurseries and experimental farms. Through this way, colonial rule encouraged the export of cash crops and minerals (Hopkins, 1973:26). As colonial rule gave rise to an emphasis on agricultural and mineral exports, Nigeria was made a mere producer of raw materials which were exchanged for European industrial manufactures. Being mere producer of raw materials purchased by Europeans at cheap prices made Nigerian economy very weak as the raw materials stimulated development in British economy these raw materials were converted into finished goods and sold to Nigerians at high prices which further promoted growth and development of the British economy. This unequal exchange rendered Nigerian economy very weak during the colonial period and this situation still exists till today. This is because she produces crude oil but sells this crude oil to western countries and imports refined fuel from the western countries at high price. This still makes Nigerian economy have a weak foundation.

Another significant contribution of colonialism to the weak foundation of Nigerian economy is that colonial rule discouraged industrialization. Colonial rule neglected and discouraged the growth of industries. To justify the fact that colonial government discouraged industrialization in Nigeria in the colonial period, Ake (1981:46) states that colonial government did not do very much to encourage the development of manufacturing as their interest in a colony was primarily in its capacity to serve as source of raw materials as well as market for selling metropolitan industrial manufactures. Ake adds by stating that companies like the Royal Niger Company which were given wide powers and privileges in the colonies as well as the obligation to develop them did not prioritize industrialization of the colony. Here, it is clear that agencies like the colonial development advisory committee and Empire Marketing Board had little or no enthusiasm for the task of industrialization.

Apologists of the lack of adequate industries during the colonial period in Nigeria have attributed it to lack of technical and managerial skills and lack of political climate conducive for industrialization (Onyelukwe 1984:63), but the truth was that industrialization was not the priority of colonial government throughout the period. Their priority was integration of Nigerian economy into international economy with Nigerian economy bearing the higher burden.

Therefore, government's discouragement of industrialization in Nigeria during the colonial period has made Nigeria have a weak economic foundation. This is still affecting Nigerian economy till today. Here, it should be understood that lack of industries in the colonial period made Nigerian colonial economy incoherent and disarticulated as the agricultural sector could not gain from the manufacturing sector and there was no forward and backward linkage in the economy. This situation (discouragement of industrialization in Nigeria) made the colonial Nigerian economy depend on the mother country for her industrial manufactures (Onwuzirike, 2005: 133). This condition has made western economies dictators in Nigerian international market. This is because the western capitalist economies dictated how much was paid as price for Nigerian raw

materials while Nigeria was not able to do this to their industrial manufactures due to Nigerian weak industrial base.

Another way through which colonial rule has contributed to the weak foundation of Nigerian economy was through the neglect of science and technology in the colonial period. From the educational system given to Nigeria by the colonial masters, it is very clear that science and technology were discouraged. This was done to prevent Nigerian economy from being an industrial economy in order to avoid unnecessary competition with her home industrial economy. Consequently, Nigerian economy was subjected to technological dependence. This explains why Ake (1981:59) has stated that colonial Africa depended on capitalist west for virtually all her technology and this put colonial economy in a position analogous to that of a producer who has no instruments of labour. Indigenous technology declined or stagnated with the introduction of British industrial manufactures. That Nigerian colonial economy depended on Britain for science and technology, the economy has been underdeveloped from the colonial period till today and this has made Nigerian economy to have a weak foundation because industrial production cannot be smooth in an economy that depends on another country for science and technology.

In addition to the above, colonial government was also accused of poor management. This explains why Lawal (1979:196) states that in the period after the First World War, the boom period was extravagantly managed. He further adds that the sum of 700,000 pounds was mapped out in 1929 for the development of European quarters and the argument then among Nigerians was that part of this fund should be harnessed to train Nigerians to occupy important managerial vacancies than spending such huge amount of money on gigantic European quarters. In the same way, colonial officials throughout the period increased their remunerative ability while those of Nigerian workers remained stagnant. The idea here is that the resources of the colonies were used by the colonial masters who were few at the expense of Nigerian masses. Therefore, the resources of the colonies were not meant for the development of the masses but for the upkeep and development of the colonial masters. This has continued till today as the resources of Nigeria are meant for few members of the political class at the expense of the masses. This explains why Maekae (2012: 15) states that a Nigerian senator earns over ₦29,000,000 and a member of House of Representative earns over N18,000,000 in 2012 but they approved as low ₦18,000,000 minimum wage for their fellow Nigerians. Through this way, colonial rule has made Nigerian economy have a weak foundation as money meant for development is diverted to another project which has no meaningful impact on the people. Here, it should be understood that this attitude is emulated from the former colonial masters. This money is not reinvested in Nigerian economy, as it was in the colonial period.

Nonetheless, repatriation of profits made in Nigeria to Britain was another way through which colonial rule contributed to make Nigeria have a weak economy. In Nigeria, during the colonial period, profits made from day-to-day trade, shipping and banking activities by Britain were repatriated to Britain for investment at the expense of Nigerian economy.

Also, important to be mentioned here was the narrowness of British markets for Nigerian goods. This involved the export of minerals and agricultural products and import of manufactured goods (Igwe 2012:751). British firms dominated the export and import sub-sectors. During this period, Nigerians sold their raw materials (goods) to Britain. Nigerians were not granted freedom to sell their agricultural products to other European countries where there could be many markets for more profit maximization. This therefore shows that everything was by Flat. This explains why Igwe (2012:751) states that East African exports went primarily to Britain and the income went naturally to the metrople. This means low income which also means low savings leading to low investment. This in the colonial period led to various circle of poverty in the Nigerian colonial economy. As a result of this, there was low investment leading to further underdevelopment of Nigerian economy. This condition has made Nigerian economy further depend on Western capitalist economies, making Nigerian economy to have a weak foundation.

In another development, colonial monetary policy and management divorced the acquisition of fiscal monetary knowledge from the nationals of the colonies. This is because in East and West Africa where the French and the British operated their currency unions, they were far located in Paris and London. This made the nationals of these colonies lack the basic banking knowledge to run their banking institutions or their central banks. Due to lack of this knowledge in Nigeria, Nigerian Central Bank was established based on report of Europeans and the first governor of Nigerian Central Bank was an European even at independence. As a result of lack of this knowledge, by the 1960s, many of the commercial banks that were established in Nigeria went distressed and folded up. This has made Nigeria have a weak economic foundation because for an economy to be established on a sound footing, it must be supported by a virile and viable banking sector.

At the same time, the banking sector of the colonizer did not support financial empowerment of Nigerian entrepreneurial class. There were banks which were established and one of these banks was the International Bank of British West Africa. This bank mobilized capital from African merchants and loaned it to European merchants. Even the West African Currency Board established in 1912 issued local currency then and

this was backed by sterling reserves held in London. By this method, foreign exchange which the British colonies in West Africa (which included colonial Nigeria) earned currency by the sale of their exports held in Britain. Consequently, Ake (1981:55) states that Nigerians found it difficult to obtain loans from the existing banks. They deposited money in the banks but found it difficult to supply the kind of security demanded by the banks. As a result of this, they were hardly given credit facilities and this delayed the full emergence of Nigerian entrepreneurial class. Consequently, the economy was being controlled by foreigners and this made Nigerian economy to be weak. This explains why Crowther (1968:274), states that the colonizers have left nothing for the producer in return for the considerable riches their commerce gained.

The Way Forward

1. First, Nigerian government should encourage industrialization
2. Nigerian entrepreneurial class should be granted credit facilities to boost the industrial sectors.
3. Nigerian government should declare a state of emergency in science and technology sector.
4. Nigerian education should be technologically and scientifically based.
5. Nigeria should not always export raw materials but should convert them to finished goods at home.

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