Lecture On

THE FINANCING OF THE NIGERIAN CIVIL WAR

ITS IMPLICATIONS FOR THE FUTURE ECONOMY OF THE NATION

by

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Vice-Chairman of the Federal Executive Council and Federal Commissioner for Finance

Price
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Vice-Chairman of the Federal Executive Council
and Federal Commissioner for Finance

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THE Nigerian civil war was inevitable. But whilst its inevitability was clear to Ojukwu as far back as September 1966, it did not appear to have dawned on the Federal Military Government until towards the end of April 1967. There were forebodings, however – but only forebodings – which prompted the Federal Military Government, towards the end of 1966, to begin to make contingent military preparations for an armed showdown, which it continued to pray might never happen.

In the face of the facts so far available, Aburi can now be seen, in retrospect, as a demonstration of the contrary states of minds of both General Gowon and Mr Ojukwu. Gowon wanted peace by all means, and went to the furthest limit compatible with Nigerian unity, in his endeavour to win it at Aburi. On the other hand, Ojukwu was all out for secession, and was already preparing secretly but hard for war which he knew was the historical concomitant of any act of succession. But he needed more time for his preparations, and a few more constitutional powers for the furtherance of his designs under the cloak of legality. At Aburi, he played and manoeuvred adroitly for both, and got them. Like Chamberlain and Daladier at Munich in 1938, the Commander-in-Chief and his loyal colleagues were lulled into a sense of false security, so much so that when they returned from Aburi, they believed – and most of us shared their belief – that they had brought home with them *peace in our time.*

This illusion did not last: but it lingered long enough to give Ojukwu more time to strengthen and consolidate his military preparations. During the first two weeks of May 1967, we were still conscientiously and frantically looking for a formula that would preclude a violent solution to our problems. Even at the outbreak of war in July 1967, our antecedent state of mind – our ardent and consuming desire for peace – did not permit us to see that a civil war had actually come upon us. We persuaded ourselves to believe and proclaim that what we had embarked upon was in the nature of police operations. All of which go to show that we never really wanted war, that we did all in our power to avert it, and that even when it was finally forced upon us by the remorseless logic of the events subtly contrived and cleverly manipulated by Ojukwu, we failed to recognize it at the first encounter.

Consequently, at the outbreak of the civil war on July 6, 1967, apart from lack of adequate military preparedness on our part, the finances of the Federation were neither mobilized nor deployed on proper war footing, let alone for the long, protracted, and expensive military campaign we had had to conduct.

In actual fact, the finances of the country were, at that point in time, differently oriented. THE 1962/68 NATIONAL DEVELOPMENT PLAN was running its last lap; and THE GUIDEPOSTS FOR THE SECOND NATIONAL DEVELOPMENT PLAN had been formulated, accepted and published. So that when the reality of the situation finally dawned upon the Federal

Military Government, it became imperative to change course drastically, and gear our resources, which for the five preceding years had been organized and directed for development purposes, to the unproductive, destructive, and unpredictable ends of war.

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The Nigerian civil war saw altogether three budgets. The first one was introduced on 19/10/67, and the other two were for 1968/69 and 1969/70. The same fundamental objectives and the same basic principles governed and underlay the three Budgets; and the differences between them consisted only in the fiscal and monetary measures which, from year to year, were considered necessary for effectively carrying out the declared objectives and principles.

The two fundamental objectives to which the Federal Military Government committed itself from the very beginning of the civil war are well known. They are: to win the war, and to win the peace that will follow. The financial resources of the country were to be mobilized and deployed for the accomplishment of both objectives.

But, first and foremost, the rebellion must be decisively crushed, and the unity and territorial integrity of Nigeria preserved. It was an overriding policy of government that nothing should be spared to attain this objective. Accordingly, in the first year of war up to the end of 1967, we spent £33.5 million to provide armaments, food, uniforms, transportation, and other necessities of war. And in the second and third years up to the end of January 1970, we spent £98 million and £170 million respectively, for the same purposes.

At the same time, it was a cardinal policy of the Federal Military Government that after the war, no time should be lost in resettling those who had been displaced from their homes and places of permanent residence, in rehabilitating troops and civilians where necessary, in reconstructing damaged infrastructure and other public installations, and in developing the country as a whole, in order to make up for lost grounds, and progress forgone. It was important and crucial to win the war. But it is equally important and crucial, if not moreso, to win the peace. For if we lost the peace, we would have fought the war in vain, and our sacrifices would have been colossal and criminal waste. It was no doubt clear to everyone, including every member of the Federal military Government, that one of the potent means of winning the peace was to correct, drastically, the economic and social ills – that is, abject poverty, preventable diseases, squalor, and ignorance – which had, in the past, plagued, and, for the present, continue to torment this country, without immediate respite. It is with these considerations in mind that, even in the midst of war and its attendant sufferings and deaths, the Federal military Government began to plan confidently for the future, with special emphasis on the period immediately following the cessation of hostilities. The plan, I am gratified to say, is now in its final stages of preparation; but its full cost is still to be calculated. Nonetheless, during the war, it was envisaged that the country would require for rehabilitation, and development, a record capital investment of the order of £1500 million from both the public and private sectors, within five years after the war.

The financing of the Nigerian civil war should, therefore, be understood not just as connoting the defraying of the expenses of the immediate, narrow, and negative object of winning the war alone, but as embracing the conservation of our financial health to enable us to begin to fulfil, immediately after the end of the war, the ultimate, positive, and permanent object of winning the peace. It is on the basis of this wider connotation that we will now proceed to recount the principles and some of the measures which we adopted in financing the Nigerian civil war.

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Soon after the outbreak of war, three phenomena manifested themselves. First, in the traditional race between approved estimates of Revenue and Expenditure, the latter began to run rapidly ahead of the former which, at the same time, was fast losing the tempo originally set for it. Second, the pressure on our foreign exchange reserve also began to mount inexorably at an unprecedented and unpredictable rate, in the face of considerably reduced exports. Third, the financial requirements of the armed forces were only amenable to conjectural forecasts. There are too many imponderables to cope with in war. Apart from the uncertainty of duration, and apart from the crazy vagaries of the unorthodox market for arms and ammunition in which we were obliged to operate in the early stages of the war, the amount of money required, at any given time depended largely on our fortunes or misfortunes in the fields of battle, which fortunes or misfortunes were not in our exclusive control.

In the face of these phenomena, three principles dictated themselves as deserving constant attention and application whatever the civil war's duration.
They are:

(1) to economize our financial resources;
(2) to raise additional revenue; and
(3) to save our foreign exchange reserve from being run down to a dangerous level, thereby avoiding balance of payments difficulties, and preserving the strength of the Nigerian £.

In any situation similar to the one in which we found ourselves, where recurrent revenue trails behind fleet footed expenditure, the obvious first line of attack is to economize, and maximize available resources. Unless this was done, and done with draconic firmness, it would be futile to raise additional revenue; and any claim to prudent financial management would be sheer pretence.

Throughout the war we did our very best to economize. Ministries, other than those for Defence and Internal affairs, were enjoined to make a 1% savings in their approved estimates of expenditure for 1967/68; and, to their credit, they made genuine efforts to comply. For the succeeding years, we endeavoured to keep all the Ministries concerned to the level of their 1967/68 appropriations minus 1% thereof. At the same time, all capital projects, in respect of which the Federal military Government had not irrevocably committed itself, were postponed indefinitely. As time went on, the federal Military Government accepted firm and definite guidelines for observance by all its Ministries and Agencies. For the duration, applications for additional expenditure were to be entertained only in respect of the following, in the order in which I state them:

(1) the conduct of the war including war publicity;
(2) assistance to States;
(3) agriculture; and
(4) roads.

Those who are familiar with such matters will readily agree, however, that guidelines and measures for economy are more easily laid down than enforced. But we did our best in the federal ministry of Finance to enforce compliance. And in this and other connections, our motto always was and still is: WOE UNTO YOU WHEN ALL MINISTRIES SHALL SPEAK IN PRAISE OF YOU.

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At the outbreak of the civil war, the areas of fiscal and monetary operations open to us had diminished. We no longer had jurisdiction over individual income tax; internal revenue as well as foreign exchange earnings from petroleum and agricultural export products from the former Eastern Region had been far removed from our reach. But we strove to make the most of what remained, and explored new avenues for raising funds.

In the realm of direct taxation, the only victims left are incorporated companies. We had to approach them with circumspection lest we kill the geese that laid the golden eggs. But we had no alternative but to make the geese produce as many more golden eggs as they could be safely made to lay.

We introduced capital gains tax at a modest rate of 20%. We imposed terminal dues on all ships evacuating mineral oil from our ports. This is a new levy from which, when it comes into actual operation, we expect an annual revenue of £5 million. In our search for more revenue, we discovered that some companies, especially those engaged in oil distribution, were in the habit of declaring losses on their operations year in year out, in the face of huge trading turnovers, and in spite of the continuous competitive efforts among them to expand in different parts of the country. It is well-known that oil motor tankers use our roads very heavily. But we were astonished that their owners gave comparatively very little in return. It became necessary, therefore, to amend the Income tax decree to empower the Federal board of Inland Revenue to impose Turnover Tax on the volumes of trade of a company whether or not profits are recorded by that company for the year in question. Apart from bringing in some revenue, this innovation is bound to reduce the propensity to render a distorted account of profit and loss. The once-for-all levy of tax on the profits of certain categories of pioneer companies, which brought in £1.2 million in 1968/69 was more in the nature of interest-free compulsory loan from the companies concerned than tax, since, in consideration of the amount thus paid by them, their tax holiday was extended by one year.

The super tax was introduced in order to raise more revenue from incorporated companies without undue hardship on marginal enterprises. If we raised the rate of companies income tax to 50%, the marginal companies might go completely under, and our immediate object of raising more revenue might thereby be defeated. But by limiting the extra burden on companies whose taxable profits exceed whichever is the greater of

(a) £5000 for a year of assessment, or
(b) 15% of the company's issued and paid-up capital, we succeeded in extracting from this source only what the traffic could bear. In 1968 the super tax was a flat rate of 2/- in the £. But in 1969, we made the rate progressive to from 2/- to 5/- in the £. In 1968/69 and 1969/70 respectively, we collected £1.6 million and £2.4 million from this source, and we expect to realise about £3 million in the current financial year.

It is not correct, as two recent commentators had made it appear, that I undertook, at any time, to limit the operation of the super tax to the duration of the war. At no time did I make any such promise. On the contrary, from its introduction, the super tax was intended to be a permanent feature of our fiscal policy. The only alternative to this policy will be to introduce a general increase in company income tax. This, however, must be ruled out, at least for the time being, for the reason which I previously gave.

Indirect taxation is by nature a prolific, convenient, and less painful source of revenue. The measures introduced in this realm, during the war, are too numerous to mention. Suffice it, therefore, for me to say that we exploited this source to the fullest extent compatible with economy and the monetary policy adopted by the Government.

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Since our recurrent revenue could not meet our recurrent expenditure, we had to resort to three different forms of short-term borrowing. They are: the Treasury Bills, the Treasury Certificates, and the Ways and Means Advances which, by law, had to be retired at the end of the fiscal year. The Treasury Certificates were a war-time device, and are of 24-month maturity, as against Treasury Bills which are of 3-month duration only. Treasury Certificates were introduced in order, as we had first thought, to obviate the necessity of raising the level of Treasury Bills beyond 85% of the estimated Federal Revenue. We had hoped, at the same time, that we would not have to depend very much on this new fiscal weapon. But subsequent events did not only necessitate our having to raise the level of Treasury Bills to 150% of the aggregate revenues of Federal and State Governments, but also compelled us to lean more heavily on Treasury Certificates than we had previously contemplated.

I would like to remark, at this juncture, that by resorting frequently to Treasury Bills, Treasury certificates and ways and Means Advances as we did during the war, we knew that we were, pure and simple, pursuing the slippery path of inflation. But having reached the end of our revenue-raising tether, there was no other path open to us. In other words, we felt ourselves irresistibly compelled to tread this path, determined, however, to dig our toes into the ground after every completed step, and to do everything possible to ensure that the journey, though difficult, was safe. We had good luck on our side. The bulk of the Treasury Bills and certificates issued up to the end of the war – that is £240.3 million out of £253 million – was taken up by the Commercial banks and the rest of the private sector. Though our Compulsory Savings Scheme was not as successful as we had envisaged, yet it must have gone some way to help to ease the pressure of inflation. So also were the effects of our various tax measures, and of voluntary savings on the part of many Nigerians, including the men and women of the Armed Forces. Above all, we deliberately encouraged the output of more goods. Of its own volition, the Federal ministry of Finance initiated the grant of £5 million annually to the States for agricultural development. We could have given more if asked, and if a suitable formula for its allocation among them had been agreed to by the States. The net result of all these measures is that the Consume Price index, with an increase of approximately 6% over the 1966 level, has not, happily, reflected the full increase in the volume of money put into circulation since 1967.

Throughout the war, we were extremely anxious to steer clear of balance of payments difficulties. We had no doubt that if we were faced with any such difficulties, we would have been subjected to unbearable humiliation and embarrassment. The supporters of Ojukwu, some of whom were very powerful and dominant in international finance, would have been too happy to seize the opportunity of such a financial crisis to subdue us, or, at least, to make things extremely difficult for us. They would certainly have exploited the situation to drive a hard bargain on behalf of the rebels. We, therefore, made up our minds to conduct our financial affairs in such a manner as to preclude our having to have recourse to the International monetary fund for anything, even for our Automatic Drawing Rights. It is not that the International Monetary Fund would not have been sympathetic. The important point which weighed on our minds was that the stringent and constraining circumstances antecedent to such a recourse would have dealt a shattering blow to our morale and self confidence, and in the country might, as a result, suffer diplomatic defeat on a number of fronts. So, we resolved to avoid this ugly eventuality; and the economy responded, beautifully and gratifyingly, to our desire.

In pursuance of the policy of conserving our foreign exchange reserve, we had had to cut down heavily on our imports. The importation of certain items of luxury goods was completely banned, and so was that of many items of necessaries which we were satisfied could be produced locally. Items of goods which were considered necessary, but which were not being produced locally were allowed to be imported, either without licence or under licence. For the purposes of the latter, a high powered Import Quota Allocation Committee of officials was set up to ensure that licences were not issued in excess of freely available foreign exchange reserve minus the amount required for the purchase of military hard-ware.

Before the war, Commercial banks kept and disposed of their foreign exchange earnings as they wished. Furthermore, the world was divided into Scheduled and Non-Scheduled Areas; and it was stipulated that transfer of foreign exchange to Scheduled areas did not require the approval of the Exchange Control Officer. These arrangements created dangerous loop-holes which, whatever might be the rationale or justification for their adoption in the past, should not be tolerated under war-time conditions, and even under conditions of great need for rapid development. In order, therefore, to prevent leakages through these loop-holes, and to have effective control of all the foreign exchange earned on all transactions emanating from Nigeria, we directed the commercial banks operating in the country, to surrender all their foreign exchange earnings to the Central bank. At the same time, we abolished the unnecessary distinction between

Scheduled and Non-scheduled territories of the world, so that any transaction in foreign exchange would have to have the approval of our Exchange Control Officer.
There are other avenues of possible leakage of foreign exchange which we had to close. Only one of them need be mentioned. As you know, there were a good number of companies in Nigeria which were only tiny overseas tentacles of giant overseas octopuses. Their foreign exchange accounts, in so far as they relate to Nigeria, were not easy to ascertain. We could only rely on their good faith, and their word of honour, which we never doubted, for whatever figures they gave us. But we thought it would be much neater and more businesslike to put this state of affairs beyond the intangible pale of mutual good faith, and place it within the ambit of direct and independent arithmetical identification by our own officials. Accordingly, we amended the law to require all companies, operating in the country, to be incorporated under our laws. In this way, every aspect of their operations, including foreign exchange transactions, would be Nigerianized, and would thus become distinguishable from those of their parent companies abroad.

In short, we did all that appeared to us to be desirable and advisable to conserve our foreign exchange reserve, by forbidding its use on unnecessaries, or without our specific authorization. This, it must be admitted, was at best a negative approach to our foreign exchange problem. The positive approach, to which we also paid a great deal of attention, was to earn more foreign exchange by the exportation of goods from Nigeria. But with the control, disorganization, or disturbance by the rebels of the oil-producing areas in the Eastern States, and with the non-production of agricultural export produce by farmers in these States, it was not easy to earn as much as we could from exports. Besides, though we still had the export products from the rest of the country at our disposal, the dislocation of railway transportation constituted a serious obstacle to the movement of goods from the northern parts of the country to the ports. In this connection, the incessant wrangling between the Agencies concerned with the evacuation, sale, and port handling of our produce only helped to complicate our problems. It became necessary, therefore, to appoint a high-powered Produce Evacuation Commissioner. This commissioner and his assistant did their work with commendable industry and efficiency, and as a direct result of their efforts, our foreign exchange earnings increased.

Another obstacle, however, reared its head but it was swiftly nipped in the bud. For many years past, marketing Board operations throughout the country were financed by a consortium of banks. But in 1968, for reasons which we do not need to go into here now, they refused to provide cash advances for the Northern Marketing Board and for the newly established South-Eastern State marketing Board. In the result, these two marketing Boards were unable to operate and make purchases. Producers in the North were distressed, those in the South-eastern States were wondering what sort of Nigeria they had been liberated into, and the country was losing foreign exchange. In the circumstances, we were obliged to amend the Central

Bank Act to authorise the Central bank to make direct advances to the Marketing Boards for produce purchases. In the result, the cessation or slowing-down in the purchase of export crops in the Northern and South-Eastern states, which had had been threatened, was promptly eliminated, and a further increase in foreign exchange earnings, due to the exportation of produce from the newly liberated South-Eastern State, accrued.

The devaluation of the Sterling in 1967 made a substantial inroad into our foreign exchange reserve. But it could have brought real disaster upon us, if we had followed suit and devalued the £N. And we might have been stampeded into following suit, if we had not done a detailed and rigorous exercise in anticipation. The campaign, at the time, you will remember, was just too much. The FINANCIAL TIMES, in its issue of a day or two after the sterling devaluation, included Nigeria in the list of countries which, according to it, were certain to devalue. And if memory serves, of all the countries listed on its front page, it was Nigeria alone which falsified that paper's forecast.

I will tell, briefly, the story of how it happened. You will recall that, from the middle of 1967 or earlier, there were persistent speculations that the sterling might be devalued. There were equally persistent denials by the British Chancellor of the Exchequer that there was going to be any devaluation. In view of these persistent speculations, and of the equally persistent official denials, it occurred to me that anything might happen, and we might wake up one morning – as was indeed the case – only to hear that the £S had been devalued. Accordingly, I directed that the Research section of the Central Bank, in collaboration with the officials of my Ministry, should put up to me a detailed memorandum on the implications of the Nigerian economy, if the sterling were to be devalued. By august 16, 1967, the memorandum was ready. After a careful study of the paper, and an extensive discussion of it with those concerned, I came to the tentative conclusion, as far back as September 1967, that if Britain devalued the Sterling, we would not necessarily need to devalue our own currency. Consequently, when Britain actually devalued its currency, unilaterally and without consultation with the members of the Sterling Group, on 18th November 1967, I already had clear in my mind what the implications of this action would be for the Nigerian economy, and also what the effects of devaluation or non-devaluation f the £N to the country's economy would also be. Nonetheless, I quickly arranged a meeting with my officials and the Governor of the Central Bank to argue the matter all over again. Powerful arguments were marshalled for and against the devaluation of the £N. But in the end, we decided not to devalue; and whatever might have been the theoretical arguments to the contrary, subsequent events have shown that we were wise not have devalued in slavish sympathy with sterling devaluation.

In this connection, I would like to observe, in passing, that though the requirements of politics and the realities of economics do not always mix, yet, even if it had been wise for us to devalue, the unilateral manner in which Britain called the tune would have been regarded as such an affront to our independence and sovereignty as to make me want to refuse to dance to the tune.

As I said before, we lost substantially as a result of the Sterling devaluation, and would have lost much more if we had devalued. We could ill-afford any loss – let alone a substantial loss – of foreign exchange, in the prevailing circumstances. But this was the risk we took as a member of the Sterling Group. Howbeit, it was a risk we did not want to continue to take. Yet, after a careful consideration, we came to the view that it would not be prudent for us to pull out of the sterling community. In order, therefore, to avoid a repetition of our painful experience, we sought to secure from the British Government a guarantee against a recurrence – that is, against loss, in the event of another devaluation of the British £. It must be said top the credit of the British Government that the guarantee which we sought was readily given. The same thing goes for other countries, similarly circumstanced as ourselves, within the Sterling community. In other words, we are now fully insured against loss, in the event of a future devaluation of the Sterling.

As a result of all these measures, we were able to provide, on our own, £230.8 million in local currency, and £70.8 million in foreign exchange to finance the civil war. We were also able, as a result, to survive the strains, the stresses, and the exigencies of the war, without blemish to our national honour and pride, and without any corrosion of our sovereignty and self-confidence. Furthermore, by being compelled to mobilize and deploy the financial resources of the country to meet the demands of war, we were able to discover – and this much is revealed by the facts and figures which I have given in the course of this lecture – that the capacity of Nigeria for economic growth and self-reliance is enormous.

My officials and I have been commended for the prudent manner in which we had managed the finances of the country during the war. It would be hypocritical for me to say that we do not deserve some praise. But I think it is to our great and beloved country that *all glory, laud, and honour* should go, for its expansive and fascinating manageability. No one in this country could have predicted that Nigeria could go through this kind of war without being heavily indebted financially to anyone, outside Nigeria and, at the same time, emerge at the end of it all as a most virile and buoyant economy. We had successfully weathered the storms of one of the worst civil wars in history, and we are now fortified by our war-time practical experiences to meet the multifarious and intricate challenges of peace, including the rapid development of our country. In other words, we are in a position today to say truthfully that we have fulfilled the first of our two objectives by winning the war, and that we are properly equipped and sufficiently strong financially to fulfil our second objective of winning the peace. .

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It would be erroneous to regard the sum of £300 million as representing the total and only cost of the civil war to Nigeria. This figure is no more than the calculable and visible cost of the war. There are other costs: some are hidden; some are incalculable; others are waiting to be calculated by diligent economists, econometricians, and statisticians.

In the early part of this lecture, I spoke of lost grounds and progress foregone. The average growth rate of our GDP (excluding oil), during the period of 1958/59 to 1966/67, is 6.6%. Dr. John D. Letiche, Professor of International Economics at the University of California, in the United States, assuming a growth rate of 5% for our GDP, opined in September 1968, eighteen months before the end of the war, Nigeria *has lost income foregone of a minimum of 400 million dollars* ... This must have since doubled to about £N286 million. The cost of infrastructure, public and private properties, damaged and destroyed, during and because of the war, has not yet been fully calculated. But it will be generally agreed that this must run into several millions of £N. And, of course, we all know the cost of the civil war, in terms of human sufferings, and of human lives lost, is incalculable.

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I now turn to the second part of this lecture: the implications for the future economy of the nation of financing the Nigerian civil war.

I take it that we all agree that the civil war, like any war at all for that matter, could not have been fought for any length of time, let alone victoriously after a protracted campaign, without adequate funds. This being so, I would like to state that financing the Nigerian civil war – that is, making it possible for us to wage the war as we did – has left us with bad and good legacies which can have far-reaching implications for the future economy of the nation. I propose to deal with six of such implications.

FIRST: Because of the protraction and continuous escalation of the war, Nigeria is now left with a large army – about twenty times its pre-war size – which poses a serious dilemma for the economy. If we continue to keep them at the present strength, the bulk of our resources would have to be diverted for their maintenance, to the prejudice of the economy and of the masses of our people. On the other hand, if we demobilise a large number of them immediately, without their simultaneous absorption into alternative employments, our highways and alleyways would, of a certainty, be infested by hungry, discontented, and disillusioned youths who might be tempted to commit violent crimes, again to the prejudice of the economy and of the masses of our people.

SECOND: Today, most of our hospitals as well as many of our homes are filled with maimed and the wounded of the war. For many years to come, they will, quite properly, remain an un-reciprocated charge on the economy. In other words, they will remain an inevitable addition to the country's population of non-producers who must be fed, housed, clad, and generally cared for at public expense.

THIRD: Extensive damage and destruction to public and private properties had been caused, in certain parts of the country, as a result of the war. All these will have to be made good and restored with new resources which would otherwise have been utilized for new and additional developments.

FOURTH: I did speak before of the crazy vagaries of the unorthodox market for arms and ammunition in which we were obliged to operate in the early stages of the war. This is putting it mildly and politely. In all its aspects, war is a very bad business: and the unorthodox market for military equipment is the worst and the most sordid black market conceivable. It was abundantly clear to us that, if our proposed Iron and Steel Complex had been in production, we would have been to produce the small and ammunition needed by us, at the Nigeria Defence Industries. Partly because of the state of mind into which it was thrown by the sharp practices of arms racketeers, the Federal Military Government gave a big fillip to the negotiation for establishing an Iron and Steel Complex for Nigeria; and if all goes well, the Complex should be in production by about 1974 or 1975. All of us know what this means for the future economy of our country, especially if petrochemical industry is established in the country, simultaneously. In concrete terms, it means self-sufficiency in practically all consumer durables; it means the local production of a good number of capital goods, and it also **ipso facto** means considerable savings and increase in our foreign exchange reserve.

FIFTH: The exigencies of the war did well to shock us out of our traditional complacencies, and to compel us to make a clean break with the injudicious and injurious economic policies of the past, and chart for ourselves a new path of financial prudence. Practically, all the important measures introduced by us during the war testify to the validity of this assertion. The selective restrictions on imports and the attendant switch to import-substituting goods; the sealing of wasteful loopholes in our foreign exchange transactions and earnings, including the centralization in the hands of the of the Central bank of all foreign exchange receipts emanating from Nigeria; the financing of the Marketing Boards by the Central Bank with consequent automatic advantages to the Government alike, in additional revenue for the former and lower rates of interest, coupled with assured source of finance, for the latter; the introduction of companies super tax and payment of terminal dues; - all these and more are concrete evidence of what we had done to arrest the unhealthy trends of the past, and are accurate pointers to what can be done in the future to make Nigeria a free, self –reliant, and prosperous economy.

SIXTH: The financing of the civil war has enabled us to discover that Nigeria possesses economic resilience and expansiveness which we did not sufficiently notice before. In this connection, I would like to emphasize that this resilience and expansiveness was by no means accidental.

All the requisite material and manpower resources for the early attainment of economic greatness have always been available in abundance, and are only waiting to be conscientiously recognized, mobilized, and deployed. Potentially, Nigeria is a giant economy capable, under prudent and competent guidance, of making giant strides. All those who are concerned with making plans for her forward motion must recognize this important fact, lest, as in the past, they hinder her natural velocity. There are classical instances of inadvertent hindrances in the past. The 1962/68 NATIONAL DEVELOPMENT PLAN assumed a growth rate of 4%. The GUIDEPOSTS FOR SECOND NATIONAL DEVELOPMENT PLAN which was published in June 1966 assumed a growth rate of 6% for 1968/73. In paragraph 10 of the GUIDEPOSTS, the following revealing passage occurs: *If the 4 per cent minimum growth rate per annum assumed under the current Plan is realised, the GDP will amount to about £1304 million in 1967/68. During the period 1968/69 to 1972/73 it will be assumed that the GDP will grow at the rate of 6 per cent per annum, bringing it to a level of £1744 million at the end of the next Plan period.*

Contrary to the plans and prognostications of experts, the economy actually grew at an average rate of 6.6% during the period of 1959/67, and the GDP in 1966/67 stood at £1605 million, as contrasted with £1304 million and £1744 million forecast for it for 1967/68 and 1972/73 respectively.

It is clear, therefore that it is not Nigeria that needs to be biog economically. She is potentially an economic giant already. It is we, her sons and daughters, that have need to enlarge our outlook and thinking, and widen the scope of our planning, to match her natural gianthood.

In ordinary justice to her size and potentialities, therefore, it is imperative that we should think and plan big for Nigeria. But even the sheer gargantuan nature of our problems demands big and massive approach.

All over the place, we talk about winning the peace. Some think that peace can be won by *de-Biafranizing* the Ibos; others think that the way to peace is to create more States in order that some of the citizens of the new States might become ministers, commissioners, Judges, permanent secretaries, Board Members, etc; others still believe that peace can only be secured by keeping the army in power for many more years; and so on and so forth. I offer no comments here on these and other suchlike lines of thinking.

But I say unto you, that there will be no genuine peace in this country, unless, in the main the war against grinding poverty, hunger, preventable diseases, squalor, and ignorance among the masses of our people, is waged throughout the land, with the same united purpose, patriotism, and grim determination as we had waged the war against secession. It is, perhaps, not generally realised that, in all history, the root causes of rebellion and violent discontent are the evils which I have just enumerated.

We have won the civil war. Yes, indeed. But to win the war for peace, we must recognize the real enemies. Otherwise, all our efforts would be totally misdirected and dissipated. As far as I can discern, the aggressors against peace and stability in Nigeria are abject poverty, hunger, diseases, squalor, and ignorance. They are more devastating in their ravages, more insidious, more thorough, and more resistant in their operations, than any armed rebellion. They are the enemies which must now be crushed, and crushed ruthlessly.

There are only two obstacles that I can see the early conquest of these monstrous enemies, and hence to the rapid economic and social transformation of Nigeria. They are: lack of sufficient number of Nigerians with the requisite expertise to plan and execute our development programme, and lack of sufficient resources to defray the foreign exchange elements of any bold and ambitious plan that we may make. As for what we have to do to overcome these obstacles, there can be no dispute or equivocation. We must

(1) in the immediate present, hire the required know-how from abroad, and, as a long-term policy, after the fashion of Meiji Tenno, the great Japanese Emperor and inspirer of the modernisation of Japan, send our boys and girls, our men and women, to any part of the world where they can acquire the necessary know-how and expertise; and

(2) accumulate enough foreign exchange resources on our own, supplemented with such external aid as friendly Governments and sympathetic foreign institutions may be disposed to give us, to pay for the importation of foreign know-how, expertise, and capital goods.

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During the war, we had to plan rigorously and think big to survive as we have done, without any blemish on our national honour and self-respect. The momentous challenges of peace, and the acknowledged and proven potentialities of our great country for giant economic growth enjoin upon all of us greater exertions of body, brain, and mind – now and in the years to come.

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