"We prefer self-government with danger, to servitude with tranquility."

-*Kwame Nkrumah,* Founder of Ghana (1958)

A Brief historical review of the different economic perspectives and policies in Kenya and Nigeria during Decolonization, 1945-1963.

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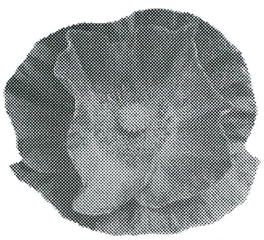

The deconstruction of the world's great colonial regimes forever changed the world's division of power. Delhi, Cairo, Beijing, Jakarta - all became new power centers, as locations of decisions affecting millions. Africa was the seat of tremendous political upheaval during the period of 1945 to the early sixties, known as "decolonization." However, the political changes of the time tend to overshadow the economic consequences of the myriad changes - even though economic ties between the metropole and periphery were critical, in the eyes of both the colonial officials and African nationalists (Oliver 1994, p.195-7). Colonial officials knew that African economic growth was a key to future political stability and ongoing amicable relations with the metropole. African nationalists debated on how best to promote the kind of economic development that could be sustained after independence. Questions arose as to how large the role of the state should be and what encouragement, if any, should be given to the private sector, which had previously been dominated by foreign capital, but in many decolonizing territories possessed a new and rising indigenous business class (Kennedy 1988, pp.92, 119-20).

The British colonies of Nigeria and Kenya underwent massive political and economic reform during the years of decolonization. At the beginning of this period, British economic and political influences were very strong in each country - indeed, each was of vital interest to the British Empire (Fieldhouse 1986, p.6). However, despite commonalities in the impetus for their respective nationalist movements and the fact that they were both British colonies with strong British influences, Nigeria and Kenya showed significant political and economic divergence by the end of this period, just some twenty years later. Studying the Euro-African economic institutions and economic relationships in the crucial era of power transfer from Empire to independent nation provides the insights into this divergence and its reasons.

we find that political economies emerge through the visions of the powerful; thus, in this study, the focus is on the motivation, the reasoning, the planning, in short - the ideologies of these decision-makers behind the economic policies, rather than describing the statistics of the economic outcomes. In the aftermath of WWII, there existed conflicting visions of the best methods for bringing about economic development in countries "graduating" from colonialism. However, despite somewhat different political and economic circumstances, many of the elite in Nigeria and Kenya shared much of this vision - they agreed on more industrialization, fed by import-substitution, and on an enhanced role for the state in planning economic change and organizer of resources (Fieldhouse 1986, p.88). The early visions particularly were biased toward the state's power, but assumed that the private sector would be important for economic growth, too. Ultimately, serious differences in ideology and opinion occurred between these two countries, and through nationalist outbursts, labour discontent, and political infighting, each chose from diverging paths. In looking at decolonization from the perspective of two different countries, it is reasonable to see that one particular course of action then determines the future choices available. Since Nigeria and Kenya made many dissimilar choices, it is artificial to impose strict criteria in studying the ideological differences between the two. Rather, it is possible to distill some important themes in this issue - those of rising nationalism and ethnic divisions, economic/financial leadership and vision, and changes in the attitudes of groups within the colony toward the empire and vice-versa (Tignor 1998, pp.6, 9).

This study examines, in a historical context, why the differences in the internal, nationalist movements between Nigeria and Kenya, particularly the focus of the popular uprisings, and the balance between the economic versus political biases of the developing African governments ultimately left Nigeria as a corrupt country where the lines between business and state-control were, and continue to be blurred, and Kenya as a country with a broad support for autonomous business entities.

By the end of WWII, big European firms were well entrenched in Africa's political landscape (Austen 1987, pp.211, 213). These large firms were accustomed to being consulted on all matters, political and economic, and so they were determined to influence the outcome of decolonization to their interests. Western and Asian-run businesses took a defensive strategy as they saw the Empire coming to an end, while rising African business leaders also endeavored to forge a place for themselves in the private sector. The African businesses did their best to attract local capital and national favor by employing a nationalist rhetoric (Markovitz 1977, p.232). But given the turbulent political times in Africa during this period, it is hard to really determine the economic impact of foreign investment, especially over just a twenty-year span. What can be judged, though, is the influence of the large-scale firm on decolonization and the success or failure of local nationalist elites in gaining control over these organizations. It is interesting to note, though, that at no time in the two decades of decolonization in Nigeria and Kenya did foreign capital, local capital and the state form alliances in the way that developing nations have done in other parts of the world. Thus, it is another strike against Africa's difficult adolescence.

It must be remembered that decolonization consisted of a tumultuous series of events, not an orderly process of gradual transfer of power to African leaders. The gradualist programs planned by colonial officials and their African elitist counterparts were often undermined by the violent nationalist discontent of the masses - the have-not elements (Fieldhouse 1986, pp. 56-7).

The years between 1945 and 1952 brought with them the first serious discussions on the programs needed to develop the economies of Nigeria and Kenya as potential independent states. In Kenya, the strong influence of the (white) settlers resulted in a strong productionist orientation - the European population in Kenya was expected to work with multinational capital to raise the standard of living. In Nigeria, though, the gross level of poverty affecting most of the population was the primary concern (Tignor 1998, p.228). Government believed that social welfare needed to be addressed before economic changes could occur. However, the plan at that time was to have industrial development achieved via foreign capital investment (Tignor 1998, p.11).

In these years immediately following WWII, the British authorities in Nigeria held a series of official dialogues with African nationalists - the "great debates," to discuss and argue on political and economic issues and appease the elite Nigerian nationalists. These debates stung the British by having the unintended effect of rousing anticolonial complaints (Falola 1996, pp.43-4). In the face of powerful indigenous (and international) criticism, economic policy led toward legislated marketing bodies, a mistake on the part of the British that was to have ill effects on Nigeria's economy to a degree that could hardly have been anticipated.

The marketing cards were justified on the grounds of price stabilization and were seen as protection for Nigerian peasants from the "greedy" import-export houses (Oliver 1994, p.194). Skepticism began to grow around Britain's idea that European investment was an achievable key to economic growth.

The first half of the 1950s turned out to be disappointing to the colonial economic planners in Nigeria. They had by this time thwarted a radical challenge to their economic policy from strong ethic nationalists, but the British failed to rally the ethnic elite to their program. In fact, by 1956, corruption had been discovered at every corner, and the constitution of the colonial governor, Macpherson, had been abrogated (Austen 1987, p.239, Falola 1996, p.79). The British concluded that the ethnic nationalists had succeeded in accelerating the pace of constitutional change beyond what they (the British) deemed appropriate. Nationalists engaged in cutthroat economic competition that undercut the vision of a capitalist development strategy, and marketing board surpluses were the major nationalist preoccupation, drawing energy and attention from the private sector into the public sphere (Fieldhouse 1986, p.159). Outwardly, Nigeria appeared committed to a procapitalist formula, but market freedom and entrepreneurial autonomy were definitely giving way to pressures for a growing public sector (Wickins 1986, p.220). State funds, particularly those sourced from marketing board surpluses, came to be seen as the primary source of economic transformation (Falola 1996, p.79; Tignor 1998, p.252).

Nigeria's independence celebrations were held in December of 1960. On the surface, Nigeria seemed to have achieved a good blend of public and private economic initiatives, but in truth, Nigerian economic institutions were more form than substance. Just as in the political arena, where an apparent multiparty democracy seemed to be functioning, underlying realities of ethnic hatred, corruption and electoral fraud were rampant - the economic institutions were grossly flawed.

The state exercised a massive influence over large-scale private capital. By marginalizing the indigenous business elite in this way, the economic-political powers essentially forced many of the businessmen-politicians who had emerged after WWII to choose politics over business (Markovitz 1977, p.246).

There were two important reasons for Nigeria's drastic move to state supremacy, which in itself was a far cry from the original vision for the country embraced by both the colonial and nationalist authorities. The first was the decision to create the government-run marketing boards for Nigeria's main export crops - at this time, world prices on primary products were inflated and the boards were endowed with huge surpluses (Falola 1996, pp.90, 98; Fieldhouse 1986, p. 157). These organizations became the primary source of capital accumulation, better endowed that any of the country's large-scale businesses. The second reason was the accelerating pace of decolonization (Falola 1996, pp. 98- 10 1), intensifying the electoral struggles of the elite and ethnic parties. With increasing regionalization of politics, regional financial resources were exploited for political purposes (Falola 1996, pp.91-2, 98-100). Why were the marketing boards maintained? The British feared that greater distribution of wealth among Nigeria's people would lead to inflation and, even worse, would stir up political and social turmoil in a country where Britain did not have a strong policing and military base (Oliver 1994, p.190; Tignor 1998, p.288). Ethnic politicians, attempting to broaden their appeal, preached to the masses of populist ideals - of free education and rising standards of living (Tignor 1998, p.288). However, these promises stretched the resources of the regional governments and cast the private sector in a lower role. Nigeria entered into independence with a weakened and unorganized business sector (Fieldhouse 1986, p.155).

Sadly, Nigerian nationalists never did work toward separating their economy from the metropole, despite fervent agreement with colonial planners about the benefits of indigenous industrialization (Falola 1996, p.176). Throughout this period, whatever remained of Nigeria's private economy was dominated by foreign capital (Falola 1996, p.177). Foreign capital dominated the four primary industries, which in themselves represented 40% of industrial output (cigarettes, beer, cement, textiles) (Fieldhouse 1986, p.154).

British officials in Kenya had embarked upon the postwar period with a plan to transform the Kenyan economy. Concerned about political stability and eager to create rising standards of living and new employment opportunities outside of agriculture, they looked to private capital, preferably large-scale British corporate investment to establish secondary industries (Austen 1987, p.246). This goal was not yet reached when Kenya's most severe political and economic crisis occurred - the Mau Mau uprising. Mau Mau resulted from a buildup of radical opposition to colonial power after WWII, and was fed by discontented African groups - the landless, the squatters and the urban unemployed, and centered upon land redress (Freund 1984, pp.205-6). The Mau Mau militants were prepared to use violence. There were other pitfalls in the economic planning policies as well,., the Kenyan Ministries of Commerce and Industry, Finance and the Treasury placed faith in several British firms that obstructed the implementation of vital projects, usually to protect their export markets. Calico Printers was given a textile monopoly but was slow to build its textile complex. Unilever did not respond to ideas for a grand industrial scheme, and Portland Cement did not invest in local manufacturing until Kenya's government had offered its concessions to a competitor (!) (Tignor 1998, p.326). Another error was in the colonial planners' underestimation of the capabilities of Asian businessmen. British officials, believing the Asians to be incompetent, blocked their entrance into many industries. However, Asian business prevailed, and by 1952 was entrenched in many industrial sectors that were among Kenya's best chances for development (Tignor 1998, p.326).

The Mau Mau confrontation represented an alarming challenge, as Kenya's financial leaders feared a loss of its good financial standing with international investors (Tignor 1998, p.11). They redoubled efforts to attract foreign capital to Kenya's private sector. A British military intervention was deemed necessary to quell the violence, and overall, Mau Mau represented a shock to Kenya's economy in several respects. While development plans maintained course, thanks to forward-thinking financial leadership, the uprising did put heavy financial pressure on Kenya, and required deft and astute management (Tignor 1998, p.335). The cost of bringing the British army in to suppress the Mau Mau dissidents was substantial, yet - it could not be allowed to detract from the developmental momentum, especially in areas like housing development, where the improvements of the Afiican condition were critical to keep these same dissidents at bay! The British government was unwilling, at first, to provide significant support since the threat was not a Communist one, as had recently been the case in Malaysia. The finance minister of Kenya, Ernest Vasey, led the country through this difficult time by aggressively pursuing foreign investment, and reprioritizing development projects. He favoured projects that would provide an immediate financial return, such as water projects, agriculture and industrial developments, while holding back on social services such as education and public health. He revamped the country's taxation system, keeping mindful of what the Kenyans could bear, and announced the creation of the Nairobi Stock Exchange. Vasey also lobbied heavily and effectively for greater British support, and was able to secure vast fund transfers from Britain to keep Kenya's economy afloat (Tignor 1998, p.335-7). Vasey was also a proponent of Africanization, since he saw it as inevitable. Despite protest from colonial hardliners, he modestly encouraged African capital accumulation and the emergence of an African middle class with property. Despite the efforts, Mau Mau still caused a significant outflow of investment funds from Kenya, such that British officials decided (and wisely so) to involve the large British banking houses and agribusinesses in the ongoing discussions over power sharing and the eventual transfer of authority (Tignor 1998, p.342).

Thus, Kenya came to the end of the Mau Mau suppression with intact finances and a thriving private sector. Capital continued to enter the economy, and businesses remained optimistic about future earnings (Kennedy 1988, p.26). Vasey, however, was no longer trusted by the colonial powers, given that he was the European with the most progressive political views (Tignor 1998, p.339-40). He was not an extremist, but his call to confer greater power upon elected African representatives and his plea for the establishment of mixed schools was not well received by the powerful settler population; he resigned in 1959.

It is a critical point that Kenya had a strong financial leader in Vasey, who was well-regarded for his economic acuity. Even when radical settler groups and extremist nationalists demanded that the private sector be restricted, he insisted that fiscal and economic issues had a voice. He was well-supported by a professional team of British economists. In Nigeria, there was no one in Vasey's position - no unified, informed opinion that could provide an economic vision for Nigeria. Thus, from an economic standpoint, Nigeria drifted aimlessly as independence approached, as important economic issues were consumed in the nationalist struggles (Tignor 1998, pp.398-9).

By 1960, a more permanent solution to the land redress claims in Kenya was found. For some time, fight-wing settler groups had been suggesting that their land be bought out (expensively!), but the British government had been unwilling to entertain this (Austen 1987, p.213). Now, though, as the British saw Kenyan independence on the horizon, fear of potential violence and liquidation of European capital strongholds - plantations, banks, industries, etc. set in. This plan of massive land transfers, even optimistically examined, was likely to reduce the strength of then agricultural economy, as it removed much of the efficient mixed farming base from Kenya's agricultural scheme, and would effectively peasantize the Kenyan highlands. The Treasury insisted that the government's fears were unfounded, but, just as in Nigeria where fear of political violence led to the colonial authorities granting ever-greater autonomy to the nationalist leaders and therefore the state, so in Kenya was the massive land transfer and redistribution driven by the colonial powers' uncertainty about the extremist African groups (Austen 1987, p.228; Fieldhouse 1986, p.170). A sacrifice in mixed farming was a given consequence, but it was performed to avoid political and social tension, and to limit the potential flight of capital from Kenya. It is difficult to determine the long-term effects on Kenya's economy of this truly expensive undertaking, but this move also had the unique effect of creating, over time, an indigenous middle class in Kenya (Austen 1987, p.180).

The last years of colonial rule in Kenya (1960-1963) were fairly static. Businesses were satisfied to watch the political process unfold, though efforts to attract new British foreign capital typically failed. On the other hand, Indian businesses were flourishing, and this is generally attributed to Indian businessmen being more tolerant of risk (Kennedy 1988, p.124; Wickins 1986, p.221).

The Kanu left-wing and Kadu right-wing parties vied for control of the upcoming election in December 1963. Much to the settlers' dismay, the Kanu won the election, and the political economy of Kenya remained in confusion for a time, until the Kanu ended up absorbing most of the Kadu, and the Kanu's radicals lost influence. As Independence Day approached, the statements of most African politicians moderated. Socialist slogans were heard less often, and the benefits of foreign capital were touted (Markovitz 1977, pp.249-

50). The World Bank had issued a report and several suggestions to avoid "a mass exodus of the higher and specialist civil servants, farmers, industrialists, financiers, traders, technicians, and professional people who constitute the bulk of non-African communities," (International Bank for Reconstruction and Development 1963, p.51). The Kanu followed the World Bank's suggestions to foster investor confidence and strive for political stability, anchored by a strong administration. The years of pro-business orientation had left their legacy

A critical difference between Kenyan and Nigerian development was in the British policies themselves... in Kenya, the colonial policy makers compromised with and flattered the nationalists, to keep anti-European sentiments at bay. They systematically sought the support of big business, especially British-based capital (Kennedy 1988, p.66). Conversely, the Nigerian system ignored the valuable opinions of big business and lost British investment by pursuing excessive import substitution (Afigbo 1986, p.67; Kennedy 1988, p.57; Tignor 1998, pp.384-5).

British indecision regarding decolonization was present up until the eleventh hour for both emerging nations. As late as 1960 did Britain avoid a firm commitment to pursuing reform in decolonization for Kenya, and even in 1956 it was debated whether Britain should withdraw her promises for regional self-government and stop constitutional reform programs in Nigeria. Given this indecision, it is not surprising that throughout the course of decolonization, it was found that the British government exercised poor preparation, haste, lack of education or economic planning and simply a disregard for the welfare of the African people. There were instances where the consideration of whether or not Nationalist leaders had attained the tools for successful self-rule and good governance were largely ignored, permitting a gross injustice to the African people (Fieldhouse 1986, p.55; Kennedy 1988, pp.10-11- Wickins 1986, p.205).

It is often the case that contemporary African leaders consider decolonization a time of wasted opportunities, regretting the circumstances of their independence movements, and the terms on which the Empire departed. However, it should be noted that the nationalist movements were ultimately realized within the context of their purposes, i.e., the deeply held, long-standing goals *were* fulfilled. Differences in the execution of independence activities arose due to the different focus of the nationalist movements and goals in each country. It can be seen that despite attempts at a smooth transition of power and the development of healthy economic institutions, the process was consistently undermined by the discontent of the proletariat (Kennedy 1988, p.95).

In Kenya, land alienation was the primary issue in the hearts of her people. Land redress rose to forefront of the nationalist movement, given increasing population size and the colonial state's failure to provide for it. Unfortunately, radical militancy on this topic and the occasional subordination of other economic issues left room for the European and Asian dominance of nonagrarian sectors of Kenya's economy for a time (Tignor 1998, pp.382-3, 389). Eventually, Kenya promoted a healthy attitude toward her indigenous bourgeoisie (Fieldhouse 1986, p.167; Kennedy 1988, p.124, 133). Private capital found a good home in Kenya's burgeoning economy, thanks to conservative and timely economic policy.

In Nigeria, nationalism focused heavily on political and constitutional issues, reflecting the tribal discontent and infighting, but almost entirely ignored economic aspects of imperial control. There was never a strong and sound voice to support the development of a pro-capitalist society. As a result, state power grew monolithically, and became the primary tool for capital mobilization, through the government-run marketing boards which promote corruption and staterun economic regulation (Kennedy 1988, pp.77-80). This move alone dashed the opportunities for a powerful Nigerian business elite to arise and provide the ultimate tool for economic development - private enterprise and the motivation and wherewithal to provide it.

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