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ECONOMIC HISTORY AS A CRITIQUE OF THE THEORY AND PRACTICE OF ECONOMICS

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by

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To

Adetokunbo Olutoyin

AN INAUGURAL LECTURE at Ife can now be rightly regarded as an academic 'christening' ceremony, with the Vice-Chancellor as the officiating 'minister' and, the victim of the occasion reciting the 'creed'. Probably, it would have been much easier and enjoyable if this were to be a swearing-in ceremony. The chair which I have the greatest pleasure and honour to inaugurate this afternoon is a new one at Ife, and with a conscious sense of modesty, it is indeed, the first chair of Economic History in Nigeria. My task would have been easier if I have had some Nigerian predecessors who could by now, have argued and concluded the debate on the nature, methods and significance of Economic History within the Nigerian context. Their *ratio decidendi* could have been available to me in professing economic history. However, I can only hope that by the end of this lecture, I would have opened some new channels of communication and understanding between Economics and Economic History on the one hand and the other areas of social sciences on the other hand.

Perhaps a brief account of how I obtained my academic 'road-worthy' licence might throw some light on my present position as an economic historian. I first came to study economic history as a private candidate for the Intermediate B.Sc. (Economics) degree of London University in 1952. The other subjects of the examination included Principles of Economics, Mathematics and Geography. The following year, I was admitted to read Economics at Fourah Bay College, a College of the University of Durham, in Sierra Leone, and in 1954, I had the privilege of being admitted to the Honours School of Economics at King's College, Newcastle-upon-Tyne, also a College of the University of Durham. In all British universities offering degree courses in Economics at that time, economic history was made compulsory at one level or the other. Some of the text-books in economic history to which I was exposed in those days included those written by J.H. Clapham, L.L. Price, W.J. Ashley, T.S. Ashton, C.R. Fay, and H.O. Meredith, to mention a few. However, on receiving my academic 'road-worthy' licence in 1957, I joined the staff of the Nigerian College of Arts, Science, and Technology, Ibadan branch, in 1958 to teach economics. I first taught economic history to a group of students preparing privately for the General

Certificate of Education at an Evening School in Ibadan in 1959, and I extended my experiment in teaching economic history to students of the extra-mural studies of the University of Ibadan in 1959 and 1960. I later developed interest in the study of law. These brief autobiographical details have been mentioned, not out of egotism, but simply to explain how it has come about that someone who, over the last twenty years had taught Principles of Economics, Economic Theory, Monetary Economics, Applied Economics, Public Finance, History of Economic Thought, Social Economics, Statistical Methods and Sources, and a few law subjects; and who was a Reader in Economics, now appears in the robe of an economic historian.

Since the inception of the University of Ife, the Department of Economics had been offering economic history as one of the subjects for the B.Sc. (Economics) degree. There was no controversy as to where economic history belong. Fortunately, my predecessors as head of department of economics believed that a good modern economist must have some training in economic history. I share this belief. On successive revisions of the undergraduate courses, emphasis had been placed on the study of economic history. Indeed, in this age of development, economic history continues to supplement as well as complement studies in development economics. In fact, economic history is sometimes classified as an aspect of modern development studies.[1] Economists generally seem to agree that a study of economic history is of importance in an economics course.[2] However, the greatest problem in the teaching of economic history is the scarcity of university teachers in this field not only in this country but all over the world. I shall comment later on how to improve the study and teaching of economic history.

II.

What is economic history? Modern economic history is a systematic study of the process of the creation of material wealth over a period of time. In other words, economic history employs economic theory to study the historical trend of economic activities. The process of the creation of material wealth is based on an analytical framework of the production function, within the context of a national economic system. In other words, there must be an established theoretical framework, essentially at the micro-level, within which the production function can operate in order to produce some definite pattern of facts as to the allocation of scarce resources among alternative uses. Concurrently, resource allocation must give shape to the pattern of income distribution, i.e. what rewards are given to different factors in the production function. At the background of it all is the national economic and social policy which must necessarily affect the allocation of scarce resources and the distribution of income. The national policy may be based on a kind of social justice. At the macro level, therefore, certain patterns of facts are established. These facts show the trend of economic progress or lack of progress, as the case may be, under prevailing technological, political and social conditions. Economic history starts with the theoretical foundation of economic activities, and proceeds to collect the facts of economic life in order to answer some specific questions as to the nature and structure of the economy. The main tool of the economic historian, more so in recent years, is the trail of statistical data which the facts of economic life have left behind. The use of reliable statistical data is indispensable to a modern economic historian. The statistical data on such things as production, consumption, savings, investments, etc., help the economic historian to explain how the dream world of the theoretician can be related to the reality of life. Indeed, it is at this stage that the economic historian and the analytical economist are forced to admit that economic statistical data alone cannot explain all factors that contributed to the high or low pace of economic development. Thus, in trying to explain what has happened to the economy over a given period, one comes within what is usually called applied or descriptive economics. I agree with the contention of J. R. Hicks that 'economic history is just the applied economics of earlier ages, applied economics is concerned with the economic history of the contemporary world.' [3] I would add that for *economic history* to be applied economics it must serve *as a critique of the theory and practice of economics.* Presently, I shall endeavour to explain the basic assumptions of economic theory. However, I have deliberately chosen the phrase 'practice of economics' to mean the interaction of economic variables which are quantifiable with non-economic variables, most of which are non-quantifiable—the interaction which tend to distort the pattern of economic activities as prescribed by the analytical economist. 'The static analysis on which most of us were reared had its uses, but it had little or no bearing on the problems of change over periods of time'.[4] Economics is concerned with the forms, Economic History with the substance. The analytical economist need not feel uncomfortable at the searching techniques of the modern economic historian. Even those economists who are dead—Adam Smith, Ricardo, Malthus, Mills, Schmoller, Marshall, Jevons, Keynes, to mention a few, are being constantly disturbed in their graves by modern economic historians who are trying to reconstruct the economic world of the past.

The old economic history dealt with the bare facts of economic life. It could hardly do more than just that.[5] The science of economics itself took some time to develop. Accepting as it were that Adam Smith wrote the first systematic principles of economics in 1776, most early economic activities were classified under the broad umbrella of political economy. The techniques of investigation into economic activities developed rather late, but improved substantially as reliable social and economic statistics became available, at least in the developed countries of Europe and America. Regretably, Nigeria is still very far behind in the art of collecting and publishing reliable social and economic statistical data. We have witnessed helplessly in the last twenty years or so, the unsuccessful attempts to produce a reliable population census,[6] which is basic to all socio-economic formulations and interpretations of modern life. Apart from the population census, the country has not yet produced reliable statistical data on production, income, savings and investments. Although the government is now making some efforts through the Federal Office of Statistics, to publish some reliable statistics concerning the public sector, yet statistics on the private sector, which is gradually assuming a greater role in the nation's development, are grossly inadequate. There is, therefore, the need to make a conscious effort to improve on the collection and publication of statistical data on every aspect of life in this country.

The developed countries of Europe and America have gone a long way in this respect. Indeed, it has now been possible to introduce a new dimension to the study of economic history by employing social and economic statistics. The new dimension is called the econometrics of economic history and it has attracted most followers from the United States of America. Foremost among the exponents of this new method is Robert William Fogel.[7] The 'new' economic historians adopting econometric methods are called *cliometricians*.

I would like to explain, briefly, what is meant by the econometrics of economic history or cliometric research as it is known in America. I will like to take the simple example of the export of cocoa. Cocoa began to appear as an item of export in Nigeria after 1886.[8] Ever since, two by-products of cocoa had not been substantially utilized. These are the cocoa juice and the cocoa pod itself. If results of meaningful research efforts finally make it possible to convert to economic use the by-products of cocoa, cliometric research may help to reconstruct the economy of Nigeria for that period in time when the by-products were not utilized. It might then be possible to calculate the loss to the economy, in money terms, arising from the underutilization of the cocoa product. One can also calculate the economic loss to the nation arising from the present underutilization of petrolium products. Indeed, econometrics of economic history is the analytical assessment of what we should have done in terms of economic growth but left undone and what should have better been left undone but which we did. Perhaps the concept of cliometric research may appear to us in this country as an academic luxury as of now. I believe however that with the training of modern economists in econometric methods, it shall in due course become the main tool for the economic historian.

III

Mrs. Wootton, in her book entitled *Lament for Economics*[9] levied five charges against economists. First, she alleged that economics as studied nowadays is of no use to society. Secondly, that economics is unintelligible to laymen. Thirdly, that economists never agree amongst themselves. Fourthly, that economics is remote from real life and lastly, that economics is biased in favour of, and is indeed, concerned to defend, the capitalist system. Although, Mrs Wootton made these allegations in 1938, the allegations could be restated in 1978. The book provoked some arguments and comments amongst professional economists. In a developing country as Nigeria, we can profitably examine these allegations within the Nigerian context. That economics is no use to the society and that it is remote from real life, shall be the central issue of my comments. That economics is unintelligible to laymen was disposed off by Professor Fraser who said that 'if economics is useful, i.e. yield results — then nobody need complain if it is unintelligible to lay minds, while if it is useless intelligibility is of no importance'.[10] Obviously, this was a professional answer to a professional colleague. It would hardly satisfy the lay minds whose participation in the economic process continues to increase and who want to be satisfied that they know what is going on. Surely, modern economists must endeavour to speak in the common man's language. After all, if we claim to study the economic aspect of life and those who form the subject of our study cannot understand us, then something has to be done to rectify the situation. The analytical economist might wish to introduce simpler words for most of the technical terms in economics. However, this is not the forum for a detailed discussion on this issue. The second allegation that economists never agree amongst themselves can be disposed off by saying that "as economists, dissent is one of the ethics of our profession". Dissent among economists may, in fact, be a virtue, in the sense that it spurs them to improve their ingenuity of abstraction, but unfortunately, it leaves the ordinary man completely in the dark. Perhaps it may not be the fault of the economists, as they have to trade in an imperfect commodity — human beings. The allegation that economics is biased in favour of, and is, indeed concerned to defend, the capitalist system, is not difficult to understand. Economic theory as conceived in the Western World is based primarily on the operative economic system, which is capitalism. The issue is clear enough and one should not belabour the point.

Now let us come to the crux of the matter, and explain the allegation that economics is remote from real life. The starting point is to explain briefly, and without attempting to bore non-economists, the theory of value and the concept of general equilibrium. It is common knowledge amongst economists that the foundation of the theory of value is based on the assumption that different things that an individual wants to do have different significance to him, and can be arranged in a certain order. It also follows, that the principle of substitutability must come to play, i.e. substituting the demand for one commodity for another. On the other side of the equation, the costs of producing goods and services provide the indicator of what is and what is not available in the market. The market equilibrium is established by the uncontrolled price mechanism. In other words, the price mechanism is that of a free enterprise economic system.

I have had occasions in the past to explain what is meant by a free enterprise economy. I shall state this again. The fundamental principles of a free enterprise economy include the private ownership of factors of production; the right to organise such factors for productive purposes and for profit motives; and the exercise of these rights within the legal framework of the country.[11] In a nut-shell, a free enterprise economic system, allows for competitive capitalism. The price mechanism at the equilibrium point, under this system, ensures the optimum allocation of resources among competiting production units and optimizes the rewards due to the owners of such resources while the consumers are forced by market prices, to ration their incomes among the goods and services they wish to consume. A completely free market model is fundamental to the existence of competitive capitalism. Such a market assumes free mobility of factors, equal employment chances to similar factors, complete knowledge of market conditions, free entry and exit of factors of production and of production units or organisations. Above all, it assumes the rational behaviour of the economic man. Rational behaviour is a psychological issue. However, rational conduct or behaviour, in this context, does not involve the idea of ethically appropriate action, which has nothing to do with economic analysis. In so far as the term rational is taken to mean merely 'consistent' then it is true that an assumption of this sort enter into certain analytical constructions[12]. One should also note that the generalisations of economics are not limited to the explanation of situations in which action is perfectly consistent. 'It is often inconsistent" [i.e. irrational in this sense] to wish at once for the fullest satisfaction of consumers' demands, and at the same time to impede the import of foreign goods by tarriffs or such-like obstacles.[13] This is frequently done, as the Federal Government budgets in recent years have proved.

The interesting, if you like, curious aspect of this inconsistency is that the science of economics is competent to explain the resulting situation. It must be added that purposive actions gradually tend to become consistent. It is the consistent behaviour which establishes the pattern of relative valuation of an individual. Relative valuations, on the aggregate, reflect on the pattern of production, exchange, employment, consumption, savings, investments, etc. I wish to underline the proposition that personal valuation in Nigeria varies not necessarily for money making or for self-interest, as it is possible to have a personal valuation which could involve loss of money e.g. buying a commodity from a relative to make him happy instead of buying from his competitor who sells at a lower price.

In this part of the world we have been warned several times that 'Economic theory is the product of a very advanced civilization. The facts from which it sets out belong to a highly developed condition of the social mind.[14] The economist takes it for granted that large masses of people have got the various motives in which they act carefully sorted out and separated into different compartments, so that they can act for certain definite purposes on one set of motives without being much affected by another set.'[15] It assumes that when people are engaged in purely economic activities, 'all other human interests, their religious aspiration, social duties, family affections and political allegiances, are comparatively in abeyance.' [16] Surely, these assumptions cannot apply to Nigeria where the extended family system, religious aspiration, ethnic and political allegiances, are, on most occasions, clear motives for economic decisions. In other words, the Nigerian economy is immature for the theoretical framework being imposed on it. It has been said that 'hypotheses can be true or false, but concepts can only be useful or useless'.[17] However, if the hypothesis is unrealistic, and therefore false, the concept which emanates from it cannot be useful. The old and simple rule can always be applied and that is, if your facts or theories lead to conclusions which are at variance with your common sense, then you need to look again at your facts or theories. It follows, therefore, that the most useful economists, from a practical point of view, are those who check their results against what has happened already.[18] This is where economic history comes in. While the economist is aiming for specific economic ideals, the ordinary man is doing his best to frustrate him. Economic history monitors the success and/or failure of the economist. If there is anything that has kept the economist on his theoretical toes, it is economic history. The constant revelation of the inadequacies of the theories and models of the economist has increased his ingenuity to widen the scope of his study so as to make assumptions more realistic and increase the variables in his models, hoping that one day his theories will catch up with the ever elusive world of reality. I should add that the art of statemanship i.e. politics, has not been too helpful to the economist. Man does not live by bread alone. Economics is bread, and the statesman must always respond to non-economic demands of his people. 'The economists, as such, is under no obligations to assume the role of the statesman, and he is doing his full duty, if he supplies the statesman with sound advice with respect to economic means and economic ends'.[19] There is no doubt that considerable uncertainty continues to prevail about the extent to which theoretical analysis can be useful for the formulation of economic policy and about the best way in which it should be applied to the solution of practical problems.[20]

Before highlighting the reactions of a few Nigerian economists to this problem, I would like to mention, briefly, the contribution of Professor H. Myint. Professor Myint examined the application of the classical theory of international trade to the trade patterns of underdeveloped countries.[21] He was contributing to the debate on whether the nineteenth-century foreign trade of the developing countries played any significant role in their economic development. He restated the classical comparative-costs theory, and went further to explain the 'hitherto neglected' vent-for-surplus theory as propounded by Adam Smith.[22] The comparative-costs theory is based on sound propositions. However, it is clear that before the propositions can be valid, the vent-for-surplus propositions must have been accepted and seen to have operated. The vent-for-surplus theory establishes the fact that a country invariably exports commodities in which she has surplus production. The surplus can be created artificially.[23] The comparative costs theory establishes the basic conditions which made a country produce a commodity, more cheaply than another country. Although it was difficult for those who believed in the traditional classical concepts to adjust to this new approach, yet economists have now come to live with and adopt the vent-for-surplus theory. Recent Nigerian trade figures on the export of primary products have proved beyond any reasonable doubt the relevance of the vent-for-surplus theory. I have suggested what I consider to be the Real Theory of International Trade.[24] This Real Theory accepts the validity of comparative-costs advantage, but stipulates that the comparative-costs theory must remain in abeyance until the vent-for-surplus conditions are satisfied. The appearance of a surplus production for export is the real issue.

I now go on to a brief and selected history of economic thought in Nigeria. In 1959, G.O. Ijewere tried to explain the rail-road competition,[25] which had been identified as far back as 1933, in the context of the theory of perfect competition. He said that 'if road and rail transport are to compete effectively then they must do so under equal terms'[26]. He was emphasising the imperfect condition introduced by the imposition of motor licence fees on road transport while the rail carried no special levy. However, the differences in the structure of road and rail transports make it unrealistic to discuss the competition between them within the framework of the theory of perfect competition. In 1960, I also tried to explain the price equalization fund policy of the Marketing Boards within the framework of a normal price mechanism.[27] I argued that the deliberate fixing of prices to accumulate 'surpluses' and to subsidize 'price falls' was a good thing. Of course, it turned out that the accumulated surpluses were employed for other purposes — some unproductive purposes, other than for price equalization. One can also mention the hitherto unsuccessful attempts at price control in this country. Those who advised the government on price control policy must have done so on the assumptions of rational behaviour of both the producers and the consumers, and on the trust in the price mechanism to use its invisible hands to adjust supply and demand.

The price control policy cannot perform any magic. It can only do the job it is supposed to do if there are controls on effective supply and effective demand.

Another example is found in the location theory and the national policy on industrial location. The classical location theory is based on rational location by considering such economic factors as the source of raw materials, the supply of labour, transportation, infrastructure, the provision of ancillary services, commonly referred to nowadays, as economic infrastructure, and the market for the final product. Experience over time, particularly the political trend in this country, has taught the economist some lessons. The importance of a stable socio-economic equilibrium in a country like ours cannot be underestimated. I believe that Professor Ojetunji Aboyade, mindful of maintaining a stable socio-economic equilibrium did not hesitate to put in abeyance the classical location theory and argued that 'industrial location decisions cannot be left to entrepreneurial freedom of action.' [28] He went further to say that "a good industrial location policy should therefore, in an underdeveloped economy, extend beyond its traditional boundaries of descriptive geography, transport cost, external economies, and the like, no matter how dynamic in their formulation, to take account of vital social and political consequences, especially in these days of growing supranational economic communities. It is the judicious balance between economic and non-economic considerations that should provide the text for any location theory.' The Second National Development Plan might have been influenced by Professor Aboyade's recipe for industrial location. The Plan listed eight objectives of the new industrial policy. The first objective which was to promote even development and fair distribution of industries in all parts of the country[29] is most relevant to the issue of maintaining social equilibrium.

The history of economic thought in this country covers more topics which I cannot discuss in this short lecture. However, there is one, which is most recent, the incomes policy, and on which I must comment. Somehow, the concept of an incomes policy found its way into the Third National Development Plan,[30] and the government, of course, has by its pronouncement and advertisement accepted it as a major policy measure. The incomes policy is basically a productivity/income concept, which tries to relate the reward of a factor directly to its productivity. This concept which has now been 'sold' to the statesman to be used as an effective weapon of checking wage — (or income) induced inflation. I would like to emphasise that the effective adoption of the concept depends amongst other things on a fairly accurate calculation of income — income being used in its widest sense to include all the rewards to different factors and on the measurement of productivity. As one can envisage, the implementation of this policy faces many problems. Except for those who found their gross incomes attached to particular grade levels, in this case a small proportion of the population, it has always been difficult to determine the incomes of the other groups. Similarly, it is not easy to measure productivity. Indeed, economists are too familiar with the theoretical arguments on what constitutes productivity and how it can be measured. Like most social and economic variables, one is faced with the problems of definitions and measurements. The incomes policy in this country as of now is more of an academic issue than a solution to a practical problem.

Closely related to economic theory on which I have commented so far, is the adoption of econometric models in forecasting and explaining the pattern of economic progress. Econometrics as a method of investigation tries to piece together the fundamental aspects of economic behaviour by looking at the interrelationships of the quantitative magnitudes generated historically, and then tries further to extrapolate past behaviours into the unknown future.[31] It is the common practice among economists these days to employ mathematics in explaining various aspects of economic phenomena. I am not opposed to the adoption of this new technique of investigation and analysis, but I wish to emphasize that mathematics, by its very nature, can only deal effectively with discernible variables which are quantifiable. It is obvious that the solutions of mathematical problems will rest on the number of deliberately chosen variables and the preconceived formulae selected for their solutions. I would like to emphasize again that the danger of over-emphasizing the use of mathematics or econometric methods in solving problems of economic development does not lie with the mathematician or the econometrician who fully understands the limitations of his method, but with the non-mathematician or non-economist (the politician and policy maker may be a civilian or a soldier) who is called upon to base his general economic policy on such (mathematical) results presented to him. The application of mathematics and econometric models to solving the problems of economic development is an over-simplification of a rather complex issue of social evolution, which can never be placed upon as secure a foundation as can the theories of natural sciences whose appeal is to repeatable experiments.[32] I will agree with the proposition that 'to be useful, a model must be able to track the economy it represents reasonably well.'[33] It means in effect that economists, with the help of other social scientists, must endeavour to increase the number of quantifiable variables which could be employed in constructing meaningful and useful models of the economy. Until we have been able to quantify most of the relevant variables on human behaviour *vis-a-vis* his economic life, we may not be able to employ, to the fullest advantage, mathematical methods as a technique of investigating economic phenomena.

IV

In order to highlight some of the points I have already made in the course of this lecture I shall now talk on some of the basic issues of economic development. Development planning could be said to have started in this country in 1945. The question to ask is, why development planning? The answer could be found in the series of arguments amongst economists which finally produced the thesis that development planning is aimed at achieving greater and more rapid national economic development. I have deliberately used the term economic development to distinguish it from the other term, economic growth. Economic growth is essentially a statistical concept, which is calculated on the basis of the *per capita* income of a nation. The notion of *per capita* income itself has proved to be of limited value in the assessment of the general economic progress of a nation. Economic development concerns primarily the study of production, exchange and consumption and their interrelationships as they affect the national economy and the welfare of the people within the context of a particular socio-political system.[34] It is therefore absurd to argue that closing the relative per capita income gap between the less developed countries and the developed countries should be the prime objective of development planning.[35] A number of theories had been developed to deal with the problems of economic growth. We cannot discuss them here. However, from what I have said about the application of theoretical concepts to practical problems we can be reminded that most theories developed so far have not found easy and successful application in Nigeria. Professor H.A. Oluwasanmi had remarked that 'the basic weakness of the theory [of economic growth], especially as it applies to modern underdeveloped countries, is its implicit assumption of homogeneitv of social and economic conditions in the backward societies.'[36]

Economic historians, probably more so than the theorists, have realised that economic development is a cultural process in which it is difficult to segregate the purely economic factors.[37] If one looks very closely at the Nigerian situation, one would conclude rightly that the really fundamental problems of economic development are non-economic, most if not all, of which are non-quantifiable. I shall mention a few of these non-quantifiable constraints to economic development. I shall start by examining the very concept of development consciousness. Development consciousness is neither spontaneous nor of uniform degree among the various groups of any community. Development consciousness can be explained in the context of the utility of social values which an individual or a group of people attaches to material wealth. Different age groups and indeed different societies place different valuations upon goods and services relatively to their valuation of such non-material satisfactions as leisure, security, equality, the extended family system and religious salvation.[38] The various scales of utility of social values create some conflicts in the minds of people as to what constitutes economic development in material terms, and to what extent it should be pursued individually or collectively. With this in mind, one can understand why telephone wires installed to ease communication problems in this country were removed and made into some kind of women ornaments, such as bangles. It is the aggregate assessment of the various levels of social values, at least in a free enterprise economy, which goes into the vague concept of national economic development. It follows, therefore, that 'the choice of ends to which the resources of a society is put is greatly influenced by the value-orientations regnant in a society'.[39]

Secondly, economic development of any society is a function of its political system. Invariably, a central administration with a fairly homogeneous group of people lends itself more readily to clear-cut social and economic policies than a federal system of government where there are heterogeneous groups of people as in Nigeria. By the very nature of federalism, the pre-occupation of any public policy, be it social, political, or economic, is to ensure a kind of stable equilibrium; i.e. of holding the country together as a political unit, which in itself may not be conducive to economic development. In other words, political stability or instability as the case may be, will inevitably affect the pattern of economic progress of the nation. Such stability or instability cannot be predetermined and remains an unquantifiable factor to be taken into serious consideration. Thirdly, the mechanism for achieving economic progress is determined primarily by the operative economic system. The effectiveness of the free enterprise economic system rests on the spontaneous economic interests of individuals which, if allowed to operate within a reasonably free and unrestricted atmosphere, will produce the greatest contribution to economic development, while the socialist economic system rests on the central control of all economic activities without which optimum economic growth cannot be achieved.

If one looks back at my definition of economic development, one can see that current discussions on the success or failure of either capitalism or socialism had been based on the comparison between the economic growth rates of the countries adopting either of the systems. The quality of life to which economic growth is supposed to contribute is often neglected. Although the behaviour of a typical businessman in Nigeria needs to be investigated thoroughly, yet a tentative assessment of him from all known indicators does not make him a capitalist in the American or Western European context. Similarly, some of the traces of social behaviours in Nigeria, which are often linked with the extended family system, cannot be compared with the strict socialist principles of Russia or China.

Lastly, I would like to make a brief comment on the so-called ostentatious expenditure in this country. This kind of expenditure involves, as we all know, lavishing money on such things as naming, marriage, funeral and house-warming ceremonies. Ostentatious spending is partly a psychological issue and partly an economic phenomenon in Nigeria. This type of expenditure has always been receiving some condemnation. Perhaps one needs to be cautious in accepting this condemnation in the light of the cultural background which affects social values *vis-a-vis* material wealth, and the operative economic system. Professor Samuel Aluko once said that 'many of us still behave in a way that sends the foreign economists wondering whether we have a proper sense of values. We impoverish ourselves by huge funeral or marriage feasts. The function of wealth to us seems to be that it should be consumed, not saved and the reputation of a man increases not through abstinence, but by the extent he disburses his wealth in extravagant generosity.'[40] I am tempted to say that not until the Nigerian economist understands the reactions of his people to economic and social issues, would he have achieved a lot and can then prescribe the correct economic measures to cope with the problems of economic development. In addition, it must be realized that in a free enterprise economy, any expenditure creates utility to the spender, whether the expenditure is productive, wasteful or ostentatious. A man may value his social standing in his village or town more than the sum of two thousand Naira (₦2,000) kept in a commercial bank; and so why should he not 'spray' the money? Expenditures now regarded as wasteful arose from the old custom of maintaining social-equilibrium, and it will take some time before it is totally eradicated. It must be admitted however that in recent years some by-products of maintaining the so-called equilibrium are bribery, corruption, and nepotism which are making it increasingly difficult for the Nigerian Government to operate a viable economy.

V

'A major function of economic history, is to be a forum where economists, political scientists, lawyers, sociologists, and historians can meet and talk to one another.' [41] There is no doubt that modern economic development cannot be discussed within the context of economics alone. However, the economist must continue to develop theoretical concepts which can be of profitable use to the statesman and the community at large. Economics should cease to be regarded as a mere mental effort, or perhaps a mischievious illusion.[42] Development plans based on some theoretical framework alone and which do not consider socio-political factors are bound to fail. The modern society appreciates brilliant theories, but they are more concerned with how to improve their economic and social welfare. The economist must be increasingly prepared to work with other social scientists, the physical scientists and technologists in order to equip himself with adequate tools to solve the problems of economic development. We should examine in some details, the non-quantifiable constraints to economic development. As the result of our investigations, we may be pleasantly surprised that some of our cultural behaviours can be adapted to respond to greater economic and social progress. Apart from the task of the economist to produce relevant ideas for policy making, the people themselves must be prepared to work hard, and to postpone some consumption today for investment tomorrow. There must be a liberal supply for technical education, liberally spread among the population. Also, there must be deliberate efforts to place economic and social welfare of the people above purely political consideration. It seems to me that the economy must adopt the measure of profitability to determine productive efficiency in both the public and private sectors. The nation must also be willing to provide adequate rewards to the innovator who is willing to devote his time and talents to producing new ideas and new things.[43] Above all, the country must have a collective sense of purpose. Our readiness to look for quick solutions and seek refuge under capitalism and/or socialism is an unrealistic approach to solving the Nigerian economic problems. This is not to say that experiences in those countries where these systems operate are not useful, but they cannot be looked upon as ready answers to all the questions which modern economic development pose to Nigeria.

There is need for more careful and meaningful research into the ordinary way of life in Nigeria. We need to know more about what motivates production, exchange and consumption. The sociologist must assist the economist in examining some of our social values which are more important to us than material wealth, and how such social values affect our attitudes towards economic development. Perhaps a starting point will be to research into the social history of this country. My department is willing to initiate such a research project and I hope I can count on the cooperation of other social scientists and historians.

Economic history has no problem at Ife. The subject is being encouraged as a course of study among undergraduates, and a graduate programme also exists for specialisation in economic history. It is hoped that the profession will be able to attract more disciples as our efforts in the department of economics begin to yield good fruits.

Primarily, economic activity is a private affair, a result of one's personal reactions to his environment in an attempt to make a living. The complexities of modern economic world is a product of history which brought organised societies into existence. Economic planning and co-ordination is essential to the survival of any modern society. If we believe in prayer, and we all concentrate on our individual wishes, believing most sincerely that our prayers will be heard, then there are those who want the land-use decree to be repealed, those praying for free education, those who want the prices of cars to be reduced, those praying for the re-introduction of price control on beer, each producer praying to sell at the highest price and the consumer praying to buy at the lowest price (the traditional prayer of the price mechanism), and many more prayers. by the time all the prayers are heard and without any proper economic planning and co-ordination, we would have succeeded in mutilating the economy beyond recognition, only for the economic historian to sort out the chaos. There is only one prayer left, and that is, may God help the economic historian.

NOTES

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