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The Budget Speech

by

Chief the Hon. E. Emole, Minister of Finance

Eastern Nigeria

"THE PRAGMATIC BUDGET"

at the Fourth Session

of the Fifth Eastern House of Assembly

on Monday 16 March 1964

Lim

Budget Speech

Mr Speaker,

I have it in command from His Excellency the Governor to move that a Bill entitled "A Bill for a Law to appropriate the sum of £20,107,770 to the services of the year ending on 31st of March, 1965, to authorize expenditure of £15,464,120 out of the Capital Development Fund and for other related purposes", be now read a second time. I am proud to say that we are, in fact, budgeting for a total expenditure of over £37 million, including statutory expenditure.

2. Sir, we passed the last milestone in the long and tedious journey to self-determination when Nigeria became a Republic on the 1st of October, 1963. This is the fourth annual budget I have had the duty and honour of presenting for consideration of this House. I must confess that it is an added honour and privilege to me that the Hon. Premier has continued to repose confidence in me and thereby to give me the singular opportunity of presenting our first budget under a Republican regime.

3. It is with a sense of deep humility, not unmixed with an air of justifiable pride, that I have to announce that this Region moved into the new Republican status with its finances on a very firm footing. So strong is our financial position that even our enemies will confess that the only forecast they can make of our future will be continued solvency and greater financial viability. In the course of this speech, I propose to establish this claim beyond reasonable doubt and to make available to this honourable House the latest revenue growth figures. Credit for this state of financial buoyancy goes to those citizens of this Region who have discharged faithfully their responsibilities by the prompt payment of their obligations to the State. Perhaps to an even greater degree credit goes to your Government for the prudent manner in which they have, over the years, managed public funds. We have not failed our loyal citizens in discharging this onerous task entrusted to our humble care. The record of our performance is a lasting and fitting testimony that their confidence is well placed.

It is, however, of great importance for the years ahead that we should act boldly now if we are to assure more jobs for an ever-growing labour force, if we are to achieve higher standards of living and if we are to continue to provide the leadership required of us.

4. With the achievement of Republican status, we have reached the stage where our destiny lies in our own hands. Every one of us must be prepared to assume greater responsibilities towards the upkeep of the State. I would remind Hon. Members that two thousand years ago a Roman Senator proclaimed *Salus reipublicae suprema lex esto* (The safety of the realm must be the highest law). This safety lies as much in a strong financial position as in the arms and panoply of war. Indeed, the safety of the State must, in the last analysis, be sustained through prudent financial management: for upon this depends the political and social stability of any civilized community. We live in an age when history is being made. Few are the people throughout history who have had the rare privilege to live at a time when their countries passed through these momentous stages. We must be up to the challenge. We must be active participants in this arduous task of nation-building and not just sanguinary parasites.

5. I will begin this account of my stewardship with a brief examination of the accounts for the financial year 1962–63. I deem this necessary since it was the first year of our current Development Programme. The accounts for that period have been published and I believe that every Member of this honourable House has already received a copy. Of the estimated revenue of £20,660,060 in 1962–63, actual receipts totalled £20,090,034, involving a shortfall of £570,026. The outcome was not wholly unexpected: it was entirely attributable to a shortfall of £672,297 in the estimates of our statutory share of Federal revenue. Owing to a slight trade recession during the year, the revenue budgeted for by the Federal Government was not achieved. I went into great detail in my last Budget Speech explaining all the reasons for the reduction in our revenue expectations from this source, and Members are already familiar with these.

6. At the close of the year, the net authorized expenditure for 1962–63 stood at £19,689,540, an increase of £485,500 over the

approved estimates of £19,204,040 for that year. The increase was due mainly to supplementary appropriations and special warrants issued to meet urgent needs of the Government. The actual expenditure for the year, however, turned out to be lower. At the close of the accounts the total expenditure amounted to £17,931,528, an under-expenditure of £1,758,012. Of this amount an under-expenditure of £333,441 occurred under the Ministry of Agriculture Head of the Estimates, mostly under Section "B". The main reason for this under-expenditure was the inevitable delay in embarking upon new agricultural projects, which required very detailed documentation. The early part of the year was devoted to the preparation of these projects with a view to securing external financing. A further under-expenditure of £835,307 is attributable to savings under Grants-in-Aid for Education, while the rest is due to over-estimation by other Ministries; and, in any case, the figures were within reasonable limits.

7. Sir, with actual revenue of £20,090,034 and actual expenditure of £17,931,528, we ended the year with a revenue surplus of £2,158,506 as against the surplus of £1,456,020 originally estimated. The opening balance in the Consolidated Revenue Fund at 1st April, 1962, was £6,780,390, and during the year, 1962–63, £4 million was transferred to the Capital Development Fund; thus, after taking into account other minor transactions of Government, the financial year closed on 31st March, 1963, with a balance in the Fund of £5,060,371, as against the original estimate of £4,265,110.

8. In Capital Budget, receipts totalled £10,672,990 compared with the estimated figure of £10,334,280. The expenditure figure stood at £9,928,666, as against approved estimates of £15,319,630. The under-expenditure was due mainly to a late start on those new projects which required careful analysis and investigation before public funds were committed to them. Lack of adequate executive capacity contributed to the delay. Further, considerable time was devoted to the completion of projects carried over from the 1958–62 Plan period. Nevertheless, the main pattern of expenditure still conformed with the priorities in the Development Plan.

9. Our financial position in the current year 1963–64, now about to end, remains very satisfactory, just as I forecast in my Budget Speech last March. The revenue estimate has risen from the budgeted figure of £21,587,220 to £22,078,800, an increase of £491,580. The improvement is due to a substantial increase in our expectations of revenue from Regional sources, which rose from an estimated £7,871,300 to £8,284,050. The increase of £412,750 is due to improved receipts from Motor Vehicle Licences, interest earnings on surplus funds invested, and reimbursements under the Nigeria-United Kingdom technical assistance agreement. Of the approved expenditure of £20,285,050, my estimate is that a total of £19,950,000 will have been expended by the end of the current financial year.

10. Receipts up to the end of December, 1963, were £14,146,153 while expenditure figures at the same date stood at £13,627,510. The revenue margin so far attained is small, but revenue collection is proportionately much greater in the last quarter of the financial year. A very large part of our direct assessment tax, indirect taxes, and revenue from Licences comes in during this period. The final accounts will not be available until three months after the close of the financial year, but I am confident that it will be possible to achieve my revised estimates of revenue and expenditure so that we will end the year with a surplus of £2,126,590 as against the budgeted figure of £1,302,170, a net improvement of £824,426.

11. Of the total of £13,210,300 appropriated under the Capital Budget it is hoped to spend before the end of the financial year a total of £12,990,731. If the pattern of under-expenditure in the Capital Budget over past years is any guide, a further under-expenditure of up to £1 million may occur.

12. We opened the current financial year with a balance of £5,060,378 in the Consolidated Revenue Fund. During the year, the sum of £2 million was transferred to the Capital Development Fund. My revised estimate of the opening balance in the Fund on 1st April, 1964, is £5,186,968; this represents an increase of £1,473,149 over my original estimate of £3,713,819.

13. Last year I reviewed in some detail the story of the financial growth of Eastern Nigeria from 1957–58 onwards. I do not propose to go into all those details again today. I wish only to recall that I concluded my review by emphasizing that no effort should be spared in the drive towards increasing our revenue and eliminating all forms of wasteful and unproductive expenditure. All too often the impression is given that the important task of ensuring economy in the conduct of Government business is the job of the Minister of Finance and his staff alone and of no one else. But the truth of the matter is quite different. In our system, policy and finance are inseparable and one flows from the other. Therefore, the drive for economy must be regarded as the responsibility of all Honourable Ministers, all Legislators and all ranks of the Civil Service, as well as of the people we serve.

14. I am, therefore, very gratified to inform Hon. Members today that, as a result of the economy measures which we have adopted and pursued, as well as of our prudent financial management, our estimates of recurrent revenue for the year 1964–65 indicate a very healthy rate of growth. The total revenue is estimated at £23,514,000, which exceeds, by no less than £1,926,780, the approved estimate of £21,587,220 for the current year 1963–64. This is an increase of 8.9 per cent. Of this total revenue, it is estimated that £9,060,500 will accrue from purely Regional sources, while the balance of £14,453,500 comes from our statutory share of Federal revenues. That is, the proportion of Regional revenue is 38 per cent., and the statutory share of Federal revenue is 62 per cent.

15. At this point I wish to draw the attention of Honourable Members to a comparison between the draft estimates before them and the Approved Estimates for the current year, which latter, according to our latest review, evidently represent a very close approximation to what is likely to be the actual revenue. The approved figures for the current year now ending are £7,871,300 for the purely Regional revenue, and £13,715,920 for the share of Federal revenue; that is, the Regional revenue has been 36 per cent. of the total, and the Federal share has been 64 per cent. The extent to which these proportions are changing from one year to the

next may not appear large; it is, nevertheless, very significant, because it is part of a constant one-way trend that we have observed ever since the beginning of our present Development Plan, and indeed throughout almost the whole of the period since the recommendations of the Raisman Fiscal Commission were adopted in 1959.

16. In plain language, what all this means is simply that, *in Eastern Nigeria*, if not everywhere else, the rate of increase of the purely Regional revenue has been much greater than that of the statutory revenue received from the Federal Government. Indeed, we have already reached and passed the point where not only the relative rate itself, but the *absolute* amount of the annual increase, is greater in the case of the Regional revenue. As I have already said, our revenue from Regional sources in the coming year will rise by an estimated amount of £1,189,200, an increase of no less than 15 per cent., while the budgeted increase in the statutory share of Federal revenues is only £737,580, or 5.4 per cent. These facts speak with their own eloquence and firmly establish the claim of Eastern Nigeria to a fair and proper share of external aid. I will return to this point later, in more detail.

17. I hasten to add, before I leave the subject of these differential growth rates, that there are no grounds for complacency. No matter how much we may improve our own Regional revenue by the means which I am about to describe, we still require every penny of our full and fair share of these Federal revenues; they are, in fact, very largely derived from our palm products and our other exports, from our mineral oil, and from the petrol and diesel fuel and tobacco consumed in this Region.

18. A major part of the increase in the Regional revenue is attributable to our expectations of enhanced yields from the revenue sources under the control of my Ministry. The amounts for which we are budgeting under each Head are set forth in the summary at page E 16 of the Draft Estimates, and full details are provided at pages E 17 to E 23. I invite attention particularly to increases of £160,000 from motor vehicle licences and £500,000 from P.A.Y.E. Income Tax. Other Ministries making an important contribution are the Ministry of Agriculture, with an increase

of £100,000 from Produce Purchase Tax; the Ministry of Health, with an increase of £58,000 from Hospital Fees; and the Ministry of Works increases of £74,000 in the revenue from Water Supply Undertakings, and £55,000 from Agency Fees, Workshop Account Products, Petrol Trading Account, and other minor items.

19. The estimate of our revenue from the Federal Government is at page E 23 of the Draft Estimates, and the net increase, as I have already stated, is only £737,580 over the currrent year's estimate. This is attributable, first and foremost, to increases in export duties—that is, the duty on palm products and other exports—of no less than £371,000. Similarly, there is an increase of £107,000 in mining revenues; honourable Members will note that over two-thirds of the mining revenues from the whole Federal Republic are derived from Eastern Nigeria. And there are considerable increases in import duties on petrol and diesel fuel, and import and excise duties on tobacco, all these being consumed in Eastern Nigeria, just as the exports and the mineral oil are produced in Eastern Nigeria; so that what we receive is, in fact, but our own. Last year, I explained in some detail the reason for the fall in revenue from these sources. The increases which I now report are no more than we are entitled to expect; for it is a well-known economic phenomenon that when duties are increased the immediate effect is a sharp drop in consumption, and therefore in the revenue from the duties themselves; but given time the economy readjusts itself, and people will buy at the prices which they had initially resisted.

20. If the increases in the items I have mentioned were the whole of the story, and there were no decreases to offset them, we should have the satisfaction of seeing an increase in our share of Federal revenues for the coming year of about £1.2 million. Unfortunately, there will be a very heavy decrease in the payments which we receive from the Distributable Pool—that is, the fund into which ordinary import duties are paid. The decrease is no less than £396,000, which completely wipes out the whole increase from export duties. The reason for this is quite plain; the Distributable Pool revenues are not, like the export and excise duties, handed out according to the amount produced or consumed

in each Region, but on a rigid basis which favours those who use proportionately less imported goods than their neighbours.

21. Mr Speaker, honourable Members will be gratified to learn that no new tax measures are proposed. The 15 per cent. increase in Regional revenue will be achieved without any amendment to the Income Tax Schedules, or any other tax increases of any kind. Our Finance Law continues to be the most progressive in the Republic, and our present need is not for any increase in the rates and taxes payable, but simply to ensure that every taxpayer, whether his income is £5,000 a year or £50, pays his fair and proper tax, no more and no less. To this end, the Internal Revenue Division of my Ministry is intensifying its efforts to improve our revenue collection. A considerable part of the increase for which we have budgeted will, as I have already said, come in the form of P.A.Y.E. tax from salary earners, and this is no more than we should expect in an expanding economy where the proportion of salary and wage-earners is constantly on the increase. Fortunately, P.A.Y.E. tax is comparatively easy to collect; hence it is on the Direct Assessment Income Tax that my Ministry must concentrate its greatest efforts, for it is here that the difficulties in tax collection most frequently arise. Plans have been made for the erection of a number of new Sub-Tax Offices, particularly in the more remote rural areas where taxpayers still suffer occasional inconvenience in paying in to the Divisional Tax Office. There will also be extensions to some of those existing Tax Offices which are not quite extensive enough to cope with the present volume of taxpayers; and I further propose to build three new Sub-Treasuries and to extend some Motor Vehicle Licensing Offices, all of which will help to ease the strain. In short, it is my firm intention that no loyal citizen who is prepared to pay his taxes will be able to complain that it has in any way been made difficult or troublesome for him to do so.

22. It is precisely because of these improved facilities, reinforced by intensive efforts towards more complete coverage and more efficient collection by my Internal Revenue staff, that I feel justified in budgeting for £4,648,400 under Head 409 in the coming year. And, I repeat, it is for the same reason that

I can confidently forecast these increases without having to consider the imposition of any additional tax burden whatsoever on our people.

23. It is fitting at this juncture to pay tribute to Mr R. H. Whittam, M.B.E., who will be retiring in the course of the coming financial year. For more than seven years he has battled unremittingly to build up an efficient Internal Revenue organization, and the measure of his success is, quite plainly and simply, the amount of revenue which we have been able to collect. Mr Whittam has been a very capable and highly efficient officer. I am also happy to announce that we have been able to secure a Nigerian officer equally competent and qualified to succeed him, and I have not the slightest doubt that the good work which has been so well begun will continue to be well done, and that the Internal Revenue Division will go from strength to strength. I feel sure that honourable Members will join me in expressing appreciation for the invaluable work of our retiring Commissioner, and wishing him and his family happiness in his well-earned retirement.

24. Mr Speaker, Sir, I now wish to speak, very seriously indeed, about certain unpleasant events which have, in recent months, been interfering with the progress of tax collection. I wish this honourable House to appreciate the unpleasant fact that there have, during the past year, been many cases of vicious physical assault upon members of my Internal Revenue staff and their tax collection agents, perpetrated during the performance of their statutory duties in collecting the revenue of our Region. Another very grave threat to the revenue of the Region is posed by the recent increase in the number of cases of forgery of tax tickets, motor vehicle licences and other revenue documents.

25. My purpose in bringing this shameful situation to the knowledge of honourable Members is to make an earnest request for their co-operation, and the co-operation of all their constituents, in furthering the progress of tax collection work in their areas. Let me be the first to admit that nobody likes to pay tax. Indeed, in the words of Edmund Burke, "To tax and to please, no more than to love and to be wise, is not given to men". Tax collection is

not, at best, a very pleasant duty, and so there is an obligation on all honourable Members, Administrative Officers, other Civil Servants, Local Government Councillors, and other leading personalities in our public life to ensure that everything is done to safeguard the lives and property of all those engaged in collecting tax. I would like every honourable Member to make his people realize that amenities can be financed only out of revenue; and to the extent that Government is faced with difficulties in the task of collecting its revenue, to that same extent Government will find it difficult to provide even the most basic amenities to the people. We cannot reap where we do not sow.

26. I have stated that Government does not propose to increase the income tax rates. Also, in keeping with its policy to avoid placing undue burdens on the common man, it proposes to provide extra benefits. In fact, Government has already taken action that has, in effect, granted more relief to the citizens, by announcing in January this year some modifications in our Primary Education Scheme. We have improved the lot of the common man by a reduction in the Assumed Local Contribution factor from thirty-six to thirty. We have also extended the range of free education to include Elementary III under our new six-year elementary scheme. My colleague, the Minister of Education, will no doubt speak in detail on the merits of the Scheme. But I wish to inform this Honourable House that a combination of these measures will result, during the calendar year 1964, in an increase of about £1,000,000 in the cost of Primary Education. Provision of £100,000 is also made for grants to Local Government bodies to assist in the extension and reconstruction of schools built under the U.P.E. Scheme. This is the magnitude of the burden that Government has removed from the shoulders of parents and guardians. Thus we want to create lasting opportunities for posterity so that when our children grow up they can look back to this era with satisfaction and sing with the poet,

> "Bliss was it in that dawn to be alive,
> But to be young was very heaven."

27. I have spoken at some length on our revenue prospects; I wish now to discuss the recurrent expenditure estimates. The

Budget before this Honourable House calls for recurrent expenditure of £21,877,280. This represents an increase of £1,592,230 over the current financial year's approved estimates of £20,285,050, an increase of 7.8 per cent. The amounts authorized under each Ministry are summarized at pages E 24 and E 25 of the printed draft Estimates. Hon. Members will observe that despite the appreciable increase recorded, we have succeeded in holding the expenditure estimates of the executive Ministries not far above the current year's level. In two instances, in fact, we have succeeded in achieving some reduction in the current level of spending. This is in keeping with our policy of eliminating wasteful expenditure and holding the budget down to the very minimum. As I indicated earlier, I have been concerned at the mounting level of recurrent expenditure, which reduces our ability to finance productive investment from our revenues and thereby makes it impossible for us to provide adequately for the growing needs of development. If increased recurrent expenditure is not drastically curbed, the result will be increased consumption by Government of our local resources. This would mean cutting back investment or private consumption or both.

28. However, whatever increases in total recurrent expenditure in the coming financial year there may be, these are inevitable and occur mainly under two major Ministries—Finance and Education. About one-third of the increase under the Ministry of Finance is attributable to the Internal Revenue Division. To achieve the level of revenue projected, it is absolutely essential that the establishment of the Internal Revenue Division be strengthened. The remainder is attributable to Common Services which show an increase of £118,280 over the current year. An increase of £426,360 is recorded under Head 435—Public Debt Charges. This is an increase that cannot be escaped since we must meet our obligations on all loans we have so far raised. The increase under the Ministry of Education is as a result of higher Grants-in-Aid towards Primary Education arising from the generous modification in the scheme to which I have referred earlier on.

29. Sir, with an estimated revenue of £23,514,000 and total expenditure estimated at £21,877,280, the estimated budget

surplus is £1,636,720. If we add this estimated surplus to the estimated opening balance of £5,186,968, we get a total of £6,823,688. This will put the Consolidated Revenue Fund at such a healthy level that we can safely transfer the sum of £3 million to the Capital Development Fund. Provision for this transfer is made in section 4 of the Appropriation Bill now before you. After this transfer to the Capital Development Fund, I estimate that we will end the coming year with a balance in the Consolidated Revenue Fund of £3,823,688, which represents about 18 per cent. of the recurrent budget.

30. I now turn to the Capital Budget. Our estimates of receipts for the coming year total £10,794,600. The details are as shown at page E 173 of the Estimates. It will be observed that in addition to £3 million transferred from the Consolidated Revenue Fund, there is an expectation of £2 million from the Eastern Nigeria Marketing Board; £2 million internal loans representing our share of the First Republic Development Loan; and £500,000 as grants from funds to be made available by the Federal Government. Loans and grants from external sources we expect to contribute £2,641,000. The rest is accounted for by other minor receipts. I shall comment later in greater detail on our present prospects as regards loans and grants from external sources.

31. The Capital Budget also makes provision for an expenditure of £15,464,120 during the 1964–65 financial year. In my Budget Speech in March last year, I spoke in some detail about the proposed level of expenditure under various sectors of the economy. Expenditure in the coming year reflects the same emphasis on productive investment. A total of £3,675,470 is allocated for primary production. Of this amount £1,321,730 is provided under Head 801 for the Ministry of Agriculture Tree Crops Scheme; under Head 802, £2,600,890 is provided as subvention to the Eastern Nigeria Development Corporation for Plantation development. The balance of £752,750 under Heads 803 to 807 is for expansion in Fisheries, Forestry development, Poultry development and other supporting services.

32. Under Head 808—Trade and Industry, a total provision of £2,436,900 is made. Of this amount £2,311,000 is earmarked for investment in industrial projects.

33. Our road system, which is the best in the Republic, is destined for further improvement. To this end provision of £2,309,900 is made under Head 810. In addition to completing road reconstruction work already in progress all over the Region, an amount of £1 million is allocated for new roads.

34. During the current year, the Government commissioned a firm of experts to carry out a survey and to produce a master-plan for development of water supplies throughout the Region. This report has been accepted and is being examined as a basis for working out plans for specific projects in detail. Provision for £3,187,500 is therefore made for extensive work on water supplies. Honourable Members will observe from pages E 195 to E 198 of the draft Estimates that it is proposed to commence work on many new projects as and when all the necessary technical details are completed. In addition, £1 million is provided for new schemes which are still under investigation.

35. In keeping with the Plan priorities, a sizeable allocation of £1,667,750 is made for development in Education. Of this, £300,000 represents Capital grants to the University of Nigeria. This is in addition to a recurrent grant of £350,000 provided in the recurrent budget. Of the balance, £105,000 is for Science expansion; £302,000 for development of Technical Institutes, Trade Centres and Trade Schools; and £160,000 for a start on a new Technical College at Enugu.

36. Government is quite appreciative of the increasing role played by Local Government Bodies in our development efforts. We are also aware of the increasing difficulties being experienced by these bodies in raising money through normal commercial channels to meet their essential obligations to the community. In appreciation of their efforts, it is proposed to provide every year a sum of £100,000 for the next three years as loans to these bodies. The first instalment is provided for under Head 820.

37. Sir, after these estimates will have received the approval of this honourable House, I propose, as in the current year to add the estimates of Statutory Corporations and Boards as an Appendix to the final print. The printing of the estimates of these bodies in the same pattern, as the estimates of the Government, has made it much easier for them to exercise tighter control over their finances. The experiment has proved a great success. Doubts have ceased to exist as to what projects have received the approval of Government or what amount is allocated for specific projects. The working relationship between the staff of the Corporations and the officers of Government charged with the administration and control of funds has shown significant improvement; and both parties have come to appreciate the immense value of the new arrangements. In addition it is now possible for Government to assess in great detail the magnitude of resources devoted to development by the Government and all its agencies.

38. Subventions to the Corporations continue to be shown under the Heads of Ministries charged with executive control over them. The following provisions are made in the draft recurrent estimates for subvention to the Corporations. Under the Ministry of Agriculture, a provision is made at page E 65 for a shortfall grant of £75,000 to the Eastern Nigeria Development Corporation towards the management cost of the Corporation. A sum of £21,000 is provided under Ministry of Education at page E 94 for the Sports Commission. Under the Ministry of Information the following shortfall grants are provided: Library Board—£65,000; Information Services—£50,000; and Eastern Nigeria Broadcasting Corporation—£100,000. Provision is also made under Head 802 of the capital budget for an additional subvention of £1,600,890 to the Eastern Nigeria Development Corporation for plantation development. The Library Board will receive a subvention of £40,000 and the Sports Commission a token subvention of £5,000 for capital works, as shown at page E 207, while at page E 208 provisions of £112,110 and £46,500 are made for the expansion of Radio and Television Services and for addition to the plant of the Eastern Nigeria Information Services Corporation.

39. Mr Speaker, I said earlier in my speech that this Region entered the Republican era with its finances based on a very firm

footing. In my Budget Speech of March, 1962, when the 1962–68 Development Plan was launched, I examined our revenue prospects for financing this ambitious programme. Honourable Members will recall that it was proposed, in addition to our ordinary recurrent budget, to finance from our own internal resources at least 50 per cent. of the Capital outlay and all the recurrent expenditure generated by the Plan. The balance of 50 per cent. of the Capital programme for the whole period of the Development Plan was to be found from external sources. At the time the Programme was launched, we had hopes that our friends would rush to our aid; but these hopes are yet to materialize fully. It is now two years since the Plan was launched and by the time we complete our 1964–65 Capital programme we shall have gone half-way in time through the execution of the Plan. I therefore feel that this honourable House is entitled to a review of our expectations of external aid.

40. Last year I called the attention of this House to a particular item of revenue in the current estimates under Head 808—Capital Development Fund Receipts, sub-head 4—Loan and Grants (External) with a token provision of £10. At that time, we were actively engaged in negotiations for loans and grants. Our efforts had not sufficiently fructified to permit any definite pronouncement on our accomplishments. The process of securing external aid is a tedious and painstaking operation; one has to justify the need and viability of every project on the shopping list. It is a clear case of more haste, less speed. Hon. Members will agree that a solid substantial start is certainly much better than the premature launching of projects with inadequate aid.

41. However, an encouraging start has been made. Our efforts are now beginning to yield results and some of our friends have come forward to aid our development efforts. We have so far received definite offers of aid in the form of grants and loans amounting to £7,208,000. Of this amount £1,300,000 represents a special Education Grant from the United Kingdom Government; this grant is exclusively for the building of a Technical College and an Advanced Teacher Training College. Then the Ford Foundation of the United States of America has contributed a free grant of

£53,000 towards our new Institute of Administration. Grants totalling £35,000 have also been indicated by the United States Agency for International Development towards the expansion of Agricultural Centre at Umudike. We have also been lucky during the year in securing a United States Agency for International Development Loan of £3,100,000 for the construction of one of our very important roads—the Calabar–Ikom Road. When this road is constructed, it will spark off increased economic activities in an area with an unlimited economic potential as yet almost entirely untapped. Then a substantial amount of £1,793,000 of the United Kingdom Government loan has been committed towards the financing of our Water Supplies Scheme, purchase of agricultural equipment, and for replacement and addition to the Ministry of Works stock of plant and equipment. The balance of £927,000 out of the Israeli loan of £2 million has also been available. The bulk of this amount was drawn down in 1962–63 towards the completion of the Hotel projects. The balance of the loan amounting to £225,000 will be drawn down in 1964–65. Of the total loans and grants, £1,120,000 would have been drawn down before the end of the current financial year; £2,641,000 will be drawn down in 1964–65 and the balance of £3,447,000 during the balance of the Plan period.

42. We have in the last week successfully concluded a firm partnership agreement with the Commonwealth Development Corporation for the establishment of a Nucleus Plantation together with a Small-holders Plantation Scheme. This clears the way for additional loan of £400,000 to the Region. In addition the Commonwealth Development Corporation will invest on its own an amount of almost £1 million in the Nucleus Plantation. This represents the largest single private investment we have so far attracted. Arrangements are also being pursued for an additional Small-holders Plantation Scheme using the existing Dunlop Plantation as a nucleus. This will yet yield another loan of over £150,000. I wish in the name of this honourable House to extend the gratitude of the Region to our many friends who have come to our assistance.

43. During the year, a United Nations Educational, Scientific and Cultural Organization delegation visited the country to examine

and evaluate our education projects. A list of projects has since been drawn up for possible financing by the International Development Association. I am particularly glad of the prospects of this type of loan because it is well suited to our circumstances and, indeed, to the circumstances of many developing countries whose ability to make good use of capital exceeds their capacity to service loans extended on conventional terms. The International Development Association loans will be made interest-free and with a ten-year period of grace before repayment commences for a further forty years at three-quarters of one per cent. interest. These projects are now receiving consideration by the Association. A World Bank Mission also visited the country and appraisal missions have since visited the Region to investigate in detail projects likely to receive sympathetic consideration of the Bank. Arising from these visits, some of our agricultural projects are now under active consideration by the World Bank. A delegation from the German Bank for Reconstruction also paid a brief visit to the Region. We are in constant consultation with the United States Agency for International Development on projects in which they have shown interest. From all these investigations and discussions, and positively as a result of my overseas tour last year, a further £8,000,000 in assistance is clearly in sight. The loans and grants will include the proposed International Development Association loan for education projects; the United States Agency for International Development loans and the grants for the Comprehensive School at Port Harcourt and the Agricultural Centre at Umudike; and loans from the International Bank for Reconstruction and Development for agricultural projects and roads.

44. Other expectations include a Ford Foundation grant of about £118,000 for rural community development projects with the hope of more to follow; a German Government loan for the development of industrial estates; and a modest share of the £4 million loan granted by the Netherlands Government to the Federation of Nigeria.

45. Nevertheless, we must be realistic; the plain fact is that the total of the loans and grants so far received and in prospect is still far short of our total expectations. No efforts in the

succeeding years will be spared in the drive to achieve greater economies in Government spending, to improve our revenue receipts from all sources, and to attract maximum external finance.

46. An examination of the loans so far attracted reveals that not all the sectors in the Plan have fared equally. Agriculture with its high local cost content has not been a favourite. The only reason for this is that all external aid, with only very few exceptions, is tied to the offshore component of projects, and more specifically to goods of the donor countries. For the same reasons, projects with a high offshore component have found ready finance. However, there is marked evidence of a very hopeful shift in world opinion towards international finance for agriculture. As recently as 30th September, 1963, the President of the International Bank for Reconstruction and Development, in an address to the Joint Board of Governors of the Bank and associated organizations about aid to developing countries, said: "If we are going to intervene earlier in the development process, for example, we are going to have to do much to help agriculture. In a great many of our less developed member countries, agriculture employs four-fifths of the population. It also provides materials and generates the market demand which together are the basis for healthy industrial growth". This indeed holds out great hopes, despite a slow start, that substantial loans may still be forthcoming for financing our agriculture projects.

47. We have taken a realistic view of the level of expenditure proposed under each project in the Plan. I have no doubt that my colleague, the honourable Minister of Economic Planning, will, in the current Session, report to this House in greater detail on the progress so far made during the first two years of the Plan. The level of recurrent expenditure generated by the Plan is likely to be reduced by as much as £11,500,000 over the whole Development Plan period. This large decrease is as a result of a tacit acceptance on our part that the total implications of the Ashby recommendations as envisaged under Project 56 of the Development Plan are beyond the means of this Government. As set out in the Development Plan, the full implementation of this project calls for capital expenditure of £4.6 million but the resultant recurrent

outlay is estimated at £17.7 million. This level of expenditure is unattainable in this Plan period and the downward revision in the total recurrent expenditure envisaged under the Plan is, in the main, a reflection of this fact. The notional allocation under Project 56 remains, however, unaltered, and commitments under this project can only be undertaken where specific projects are formulated having regard to their recurrent implications. In each case, the degree of external finance availabe for each specific project will be a vital determining factor.

48. Sir, I stated earlier in the course of this speech that in 1962–63 we spent a total sum of £9,928,666 on our capital account. The revised estimated capital expenditure for the current year is £12,982,731. In the next financial year the budget calls for an expenditure of £15,464,120. Honourable Members will no doubt wish to know what we have so far accomplished. My colleagues will, during the course of this session of the House, give full accounts of the achievements of their respective Ministries, but certain significant developments cannot escape my mention at this point.

49. In agriculture, substantial sums have been spent in the development of Tree Crops. After some delay in working out the details of the projects and also the scheme of assistance to farmers, substantial achievements have been recorded under the Palm Grove Rehabilitation Scheme. The scheme is aimed at replacing old, wild, and low-yielding palm trees with a high yielding species. This will improve both the quantity and the quality of our palm produce. The Farm Settlement Scheme is finally off the ground. Work has commenced on six settlements and settlers have been recruited into five. Satisfactory progress has also been recorded in the Cocoa and Rubber Planting Schemes. At last, we have moved substantially forward in our programme of diversification of our agriculture. This will provide some stability to the economy should any of our export crops be faced with a declining market; it is impossible to visualize that any recession will affect all crops to the same degree, at one and the same time. In all, under the Ministry scheme £376,765 was spent in 1962–63 and it is estimated that an additional £1,067,920 will be spent before the end of the current year.

50. Mention must here be made of the significant role played by the Eastern Nigeria Development Corporation in our achievements in agriculture. During the six-year period covered by the current Development Plan, the Corporation is, amongst other things, charged with development of plantations. In 1962–63 the Corporation received a subvention of £1,379,024 for this purpose. Payments in the current year are estimated at £1,647,650. With these sums, the Corporation has acquired additional 75,500 acres of land for development of Palm, Rubber and Cocoa Plantations. The number of these plantations has risen to twenty-three; of these, eight are new estates started in the last two years. On these new estates, 8,150 acres were planted in 1962–63 and 13,400 in 1963–64. One significant aspect of plantation agriculture is that it has a labour content of 80 per cent. Thus the Corporation contributes substantially to employment opportunities in the Region and helps in solving one of our most difficult problems—unemployment. The Eastern Nigeria Development Corporation in this respect deserves the recognition and appreciation of this House.

51. In the field of industrial development, Honourable Members no doubt have noted the landmarks we have achieved in the last two years. We have commissioned the Independence Brewery at Umuahia, and a Glass Factory at Port Harcourt. The Modern Ceramics Factory at Umuahia is scheduled to go into production early in the new financial year. A flour mill is now being erected in Port Harcourt; a palm kernel crushing mill is also proposed; and preliminary investigations have been completed for the mounting of a second cement factory at Calabar. The Hotel Presidential at Enugu has commenced operation, and a sister hotel in Port Harcourt is scheduled to be opened in the new financial year. Construction has commenced on the BP-Shell Refinery in Port Harcourt, and a number of other industries, including the Apex (Nigeria) Ltd. and the Enamelware and Plastics industries, are now nearing completion. The textile mills at Aba and Onitsha are already under way. The Asbestos Cement Factory at Emene near Enugu, which has commenced production, is already undergoing expansion. These are industries in which public funds are invested, and to the extent that they are successful to the same extent will the confidence reposed in us by

the citizens of this Region for prudent handling of their finances be justified. Here again, the Eastern Nigeria Development Corporation played an active role in furthering our industrial development: the Glass Industry, the Brewery, and the Hotel Presidential, were mounted by the Corporation before they were converted into separate companies.

52. The Housing Corporation, which was founded with the sole purpose of providing cheap housing for industry, is now well established. Industrial development of the Region has been encouraged by the considerable success achieved in meeting the housing requirements of new industries around Port Harcourt area. Progress is now being made in the area of medium-cost and low-cost housing to cater for the working population with limited earnings. After some experimentation on the design of the type of house most suitable, and having regard to the need to build at the lowest possible cost, the Corporation is now in the process of constructing the first batch of low-cost houses. In due course the activities of the Corporation will be extended to the other towns in the Region. Recently, in keeping with the Government plan to mobilize all available idle resources for productive investment, the Corporation has added a Savings Scheme to its activities. The scheme is designed primarily to assist low income earners to save towards the cost of owning homes. The funds available from this scheme will be re-invested by the Corporation in providing more, better, and cheaper houses in the Region.

53. At this stage, it is proper for me to make some comment on the general state of the economy of the Region. Palm produce remains the mainstay of our economy, and the Marketing Board a vital internal source of funds for our development. Trade in palm produce in the current year showed considerable improvement. Prospects for the next year are equally encouraging. As a result it has been possible for the Board to pay higher producer prices this year. The successful out-turn of the palm produce last season, and the promising forecast for the future, have disproved the pessimistic forecast of a short while ago.

54. It is wellknown that the forms of trade were moving against the producers of primary products until nearly the end of

1962 and this trend reduced the export earnings of many developing countries. But as I said a short while ago, this trend appears to have been reversed in 1963, though there are other issues connected with this industry such as evacuation problems and congestion, which steps are now being taken to overcome. If these bottle-necks are removed—and we are working hard to do so, palm produce will in the foreseeable future continue to enjoy a favourable export trade. For some time to come, palm produce will continue to be the most important crop in our Region—a large number of our people will continue to depend directly and indirectly on the fortunes of this crop. Government has not spared any efforts towards improving the fortunes of those engaged in the palm produce trade.

55. Mr Speaker, Sir, I mentioned earlier that, with the attainment of Republican status, every citizen of this Region must find a place for himself in the scheme of things and identify himself with some aspect of our development. In the implementation of our Plan so far, our achievements have been in the public sector. Great hopes were nourished that the private sector would contribute significantly towards the implementation of the Plan. Every available penny lying idle must be mobilized and put into productive investment. As His Excellency has graciously observed in his Speech, "with peace and stability firmly established, the pace of agricultural and industrial investments has exceeded previous records. Above all, there is evidence everywhere of increasing desire by the people to participate in the economic development of this Region."

56. There is, therefore, little wonder that Government is all out now to interest the people of this Region into making investment in industry. The big challenge now facing the private sector of the economy is to increase the supply of domestically produced consumer goods and to do it rapidly and efficiently. Honourable Members will recall that the meeting of Leaders of Thought held last December had as its main theme "Local Participation and Investment in Industry". As a first practical positive measure the Government is offering for sale to the public some of its shares in industries. Offers of sale are restricted to industries already

well established and viable. Since the meeting of the Leaders of Thought, there are new indications of the magnitude of investment proposed by individuals. Funds realized from the sale of any shares will be available for investment in new industries. This is one way of tackling the problem of the private sector. In addition, I will offer another prescription. Too often we are inclined to prefer imported goods even when perfectly satisfactory Nigerian equivalents are available. We must throw off this inferiority complex, this relic of a colonial mentality and take pride in the products of our own country. "Made in Nigeria", indeed "Made in Eastern Nigeria", should become our slogan.

57. The Fund for Agricultural and Industrial Development has finally been established. Members will recall that the main purpose of establishing this Fund is to make loans to genuine businessmen and farmers in this Region towards promoting their undertakings. The Fund opened its doors for business on 1st August, 1963. So far, it has received numerous applications which are now being processed, and I hope that it will not be long before deserving applications begin to receive favourable replies. Government has also decided to reorganize the Co-operative Bank of Eastern Nigeria and to inject more capital into it. The Bank will be made more efficient and effective in administering loans to the Co-operative Societies. These are institutions designed to assist the common man in contributing to the general well-being and economic development of this Region by improving his production and earnings.

58. Mr Speaker, I have laid Government's proposals before this honourable House fully and frankly. Indeed, I have painted a broad sweep of canvas touching upon wide issues of policy as well as matters of detail. I have dealt with the plans and policies of the Government to fit our economy for the task ahead. I have kept nothing back from the House. I can only here say, in the words of that great statesman, Mr Gladstone, "These are the proposals of the Government. They may be approved, or they may be condemned, but I have at least this full and undoubting confidence, that it will on all hands be admitted that we have not sought to evade the difficulties of our position; that we have not

concealed those difficulties either from ourselves or from others; that we have not attempted to counteract them by narrow and flimsy expedients; that we have endeavoured in the plans we have now submitted to you to make the path in future years not more arduous but easy". But whatever happens, let us not forget that in the last resort it is the broad initiative of all the people that sets the tempo of achievement, their labours, their efforts, their willingness to postpone enjoyment of the good things of life for the benefit of posterity. In short, let us not forget that nations that are the richest are those where the people work the hardest.

59. Before I conclude my Speech here, I must pause to pay tribute to the staff of my Ministry, and to the Government Printer and his staff, for the many days and nights of unremitting toil that have gone into the preparation of these Estimates. I think honourable Members will agree that the job has been well done. My only hope is that it will continue to be as well done in future years, and that my Ministry will continue to receive the support of all other branches of Government in the exacting task of ensuring that our resources are well used.

60. Sir, I have been claiming the attention of this honourable House for the best part of the morning. I have spoken at some length on the financial position of Eastern Nigeria during 1962–63 and 1963–64, I have discussed the Recurrent Budget for the coming year, and I have dwelt on our development prospects and our hopes of financing the Capital Budget with the help of loans and grants from our friends overseas. As I draw towards the close of my speech, I crave your indulgence for only a few moments longer, and I shall have done. I have shown, I think, that the bright hopes which I expressed in my last Budget Speech were founded on something much more than grandiose dreams, something much more than mere aspirations in the void. Our people of Eastern Nigeria are distinguished not only in the Federal Republic but throughout West Africa, and indeed they are becoming distinguished throughout the world, for their realism, their energy, and their democratic ideals: and when we say we are going to achieve great things, we are not indulging in the idle talk of children or the ignorant boasting of fools, or the medieval reveries of decadent

aristocrats. On the contrary: we have already gone far, limited as our resources have been, and we intend, whatever may happen, to go much further yet. It may be that our share of the Federal revenues is sometimes disappointing, it may be that our friends abroad are not always able to grant us their promised technical and financial assistance as early as we have hoped for it. But whatever else may fail, one thing is certain: that the people of Eastern Nigeria will continue their self-reliant advance to better social conditions, improved agricultural methods, and higher educational standards throughout the Region.

61. Mr Speaker, these are the times that try men's souls. A philosopher once said that "men must adapt their actions to the changing times. Before deciding upon any course, men should well consider the objectives and the dangers which it presents and if its perils exceed its advantages, they should avoid it even though it had been in accordance with their previous determination." Our policies, therefore, are not immutable. Where philosophies and theories fail, our people have adopted a commonsense approach; where policies change, they have responded in a practical manner. In fact, Sir, the Easterner is a realist. It is to this sense of realism that I wish to invite the attention of honourable Members, to the practical way in which we seek to solve our problems. This has served us so well in the past and will sustain us in the years to come, and so in faith and sincerity I present to the people of Eastern Nigeria "The Pragmatic Budget".

Sir, I beg to move.