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AFRICA DEVELOPMENT

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EDITORIAL NOTE

In late 1983, **Africa Development** began receiving what could only be described as a flood of articles from Nigeria. While these articles covered all aspects of socio-economic development in Nigeria (transporation, presidential politics, corruption, industrialization etc...), a dominant theme soon emerged: namely, the deepening economic and social crisis in Nigeria.

After some deliberation, the editorial committee of **Africa Development** decided that the best way to handle this flood was to put together a Special Issue on the crisis in Nigeria and, to that end, invited Professor Claude AKE of the University of Port Harcourt to be the Guest Editor for this number.

Much to our surprise, **Africa Development** received in December 1983, a copy of the Green Paper on the State of the Nigerian Economy for possible publication. The reaction of the editorial committee was enthusiastic, to say the least, for a number of reasons. 1 – The Green Paper is the product of a workshop organized by our Colleagues at Ahmadu Bello University on the State of the Nigerian economy and it represented the views of a wide cross-section of the Nigerian public: scholars, government officials, trade-unionists, businessmen and politicians. 2 – The Green Paper addressed itself to the Federal Government White Paper on the recommendations of the National Economic Council, itself based on the recommendations of the Committee of Experts under the Chairmanship of Dr. J.S. ODAMA (The ODAMA Report).

The events of December 31st 1983, however, dampened the enthusiasm of the Editorial Committee somewhat: the hasty conclusion reached was that the ODAMA Report was a dead letter thus the *raison d'être* for the publication of the Green Paper no longer existed. More fundamentally, December 31st raised serious questions to social scientists all over Africa as to the social and political significance of the return to military rule. We note that in his introduction to this special issue, the Guest Editor attempted to analyze precisely these issues.

The Revised Budget Speech of May 1984 outlined the Federal Military Governments perceptions of the nature of the crisis and set forth a first set of solutions to them. In the view of the Editorial Committee therefore, the publication of the 1984 Budget Speech in its entirety became a must.

The Federal Military Government has been in power for about a year now, during which time a number of economic policies have been undertaken to cope with the deepening economic crisis. In view of these policies and the on-going debate in Nigeria and outside, on the nature of the crisis, the Editorial Committee now feels that the Green Paper and the ODAMA Report are of continuing relevance: Thus the decision to publish both.

Technical problems delayed the publication of this Special Issue but the delay worked to the advantage of **Africa Development** because it permitted the publication of the January 1985 Budget Speech of the Federal Military Government, which mapped not just the policies for 1985 but contained an assessment of the performance of the Nigerian economy for the year 1984 as well.

INTRODUCTION

By

*Claude AKE**

Nigeria like the rest of Africa is in deep political and economic crisis. The Nigerian experience is interesting because it brings into clearer relief the character and the organic unity of the political and economic crises that face Africa today. The Nigerian experience is also interesting from the point of view of the fact that the political crisis has engendered a military coup. As is to be expected the drama of military intervention has captured our imagination and this has made it very difficult to see our way clearly through the crises by bringing to undue prominence issues which are not really of fundamental importance.

We have been exaggerating the importance of the return to military rule which is only a symptom of more malignant and fundamental maladies. We have tended to make too much of the distinction between military and civilian rule. The debate as to whether the military or civilians are better or worse rulers is perhaps unavoidable in a situation in which civilians and the military have constituted themselves as alternating parties vieing for power and legitimacy. But it is a largely pointless and dangerously misleading debate. For one thing the leadership in Nigeria has been generally bad through past civilian and military phases, so that dwelling on the differences betweem them seems like trivializing the real problems by placing emphasis on form over content. Another reason is that the coup of December 31st 1983, was only a change of the government in office not of the ruling class in power. If we are ever to learn anything about the Nigerian social formation and the possibilities of its transformation, we have to learn to pay attention to the realities of class power and their articulation in the state. When we focus on class and power rather than on office, we also begin to reach the real stuff of politics namely the dialectics of subordination and domination mediated by struggle particularly the struggle for concrete democracy. If the distinction between military and civilian rule is to be relevant at all the relevance must be phrased in terms of this struggle.

At first sight the re-entry of military rule on December 31st, 1983 appears to have been a matter of considerable significance. Many, particularly, the Western press saw the coup as the tragic failure of Nigeria's «promising» second chance at democracy. The occasion of this failure is all the more significant. It ended the wave of optimism about the prospects of democracy that had started in 1979 when both Nigeria and Ghana had another start at civilian rule and Africa's most notorious dictatorships those of AMIN and BOKASSA, came to an end. But we quickly learned that the ousting of these dictators did not herald a new era of democracy. What we failed to learn was the democratic significance of the return to civilian rule

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in Ghana and Nigeria. It is precisely because we failed to learn this that the return to military rule first in Ghana and then in Nigeria seemed like such an unfortunate reversal. However, democracy was never on the agenda in Ghana or Nigeria and hardly anywhere else in Africa. We had simply confused civilian rule with democracy because we were looking at the form and not the content, because we were concerned with the government in office and not the ruling class in power.

The lack of democracy has been one of the most significant continuities of political life in Nigeria (and the rest of Africa) and this reflects the objective character of the class which has been hegemonic since independence. In 1979, the military returned Nigeria to civilian rule with a constitution whose only concession to democracy was the formality of voting. But it effectively disenfranchised the subordinate classes, discouraging the political involvement of organized labour, and including conditions which ensured that only the wealthy or their surrogates could form political parties and contest elections. Eventually the delegitimation of the government in power compelled it to disallow even the formality of voting. Long before December 1983, the NPN government was so delegitimized that it had become totally reliant on coercion and the police, and determined not to allow the populace to pass any judgement on its tenure. So as the economy collapsed under the weight of graft, corruption and incompetence, the government virtually abdicated to one of its coercive arms, the police. The NPN leadership had effectively engineered a defensive coup; the military only pushed matters to their logical conclusion when they stepped in on December 31st, 1983.

In the final analysis the real significance of the December coup must be seen in the democratic possibilities of the Nigerian social formation. If we agree that what really matters is not the mutations of the government in office but the ruling class in power and the dialectics of the struggle to subordinate, dominate and exploit and the resistance of it, then the resolutions of this struggle which also determines the form and function of the state must mirror most tellingly in the realities and possibilities of democracy. We are of course not thinking of democracy of the formalistic Western type, but of concrete democracy epitomized by a situation in which the state exists to express and realize the objective interests of the social formation at large.

What the coup and the behaviour of the government overthrown by it say about democracy is too obvious to detain us here. What is not so obvious is the implications of this lack of democracy. The problem of democracy is perhaps the most serious single problem that Nigeria and indeed all African social formations face. Yet it is the most ignored or unappreciated possibly because we still think of democracy in terms of bourgeois democracy which of course is of very limited relevance to the African situation.

The consequences of the lack of democracy may not be obvious but it is nevertheless not quite so difficult to see. Politically, it is at the center of the legitimacy crisis that has been a constant feature of Nigerian governments as well as the incoherence and coercive character of Nigerian governments. Its economic consequences are more disastrous still. To name just the most important, it has made development impossible. Development cannot occur as long as the people are treated as a means rather than as an end, and as long as the understanding that only a people can develop itself is not actualized. In Nigeria as everywhere else in Africa one thing is now clear -- if ever it was in doubt – namely that any successful strategy of development must be based on self-reliance. And self-reliance is impossible without democracy.

It is when we phrase the issues in these terms and bring democracy to the fore, that we begin to see more clearly the nature of the relation of the crisis of the state and the crisis of development. At first sight there seems to be two crises. The first, of a political nature but which appears essentially as the crisis of the state. Among the elements of this crisis are the erosion of the legitimacy of political authority, the Hobbesian character of political competition, excessive coercion and demobilization of the masses, the erosion of the material basis of the state caused by the overconsumption of the political class and its ever expanding bureaucracy. Then there is the crisis of development which has become singularly deep as is evident from the character of the food problem. Even economic problems, such as the threat of mass starvation, which seem like natural disasters are man-made and are related to the problem of democracy. The absence of democracy has made it impossible to get priorities right, to combat imperialism effectively, to pursue self-reliance; it has led to over-exploitation, coercion and alienation and inevitably to economic stagnation. So much so that the reproduction of the state and the worker is threatened by the vanishing surplus. The shortfalls in the surplus intensify political repression and deepen alienation which in turn further blocks the prospects of mass mobilization and of development. The political and economic problems meet and merge in a vicious circle.

While not a unique event, the Nigerian coup of December 1983 is singularly illuminating for the circumstances leading to it are an excellent illustration of the dynamics of the political and economic problems of Africa identified here and the manner in which they converge. By 1983 the Nigerian state was in deep crisis, a crisis due to its exploitative repression, its vanishing legitimacy and the high premium on power. Factions of the ruling class had embarked on a political struggle on unprecedented intensity which threatened the state. The government in office having brought the economy to the verge of bankruptcy and squandered its legitimacy completely could only carry on by relying on force. In relying so heavily on force it initiated its own displacement by its coercive institutions. The military coup has for now saved the ruling class from self-destruction but the objective character of this class remains the same, so we can reasonably expect that the contradictions which led to the present crisis will eventually be reproduced anew, probably on an extended scale.

The selection in this special issue shed light on these issues and hopefully on the present crisis of state and economy in Africa as a whole. We think that the Nigerian experience is interesting and useful for understanding our present predicament in Africa. Not because Nigeria is bigger or more complex but because her experience is so typical.

PRESIDENTIAL ADDRESS TO THE NIGERIAN POLITICAL SCIENCE ASSOCIATION, 1982

By

*Prof. Claude AKE**

THE STATE OF THE NATION: INTIMATIONS OF DISASTER

1983. It is only a date. But for Nigerians, it looks increasingly like a date with destiny for it is when we go to the pools for what would seem to be a decisive choice to be made in circumstances of considerable danger. The indications are that the country has grasped the poignancy of this event and is approaching it with a sense of awe and not a little fear. We have talked with pride of our smooth transition from military to democratic rule. However, in our more sober moments, we worry that our pride may have been misplaced. The 1979 elections did not prove very much, least of all, the democratic possibilities of this country. They were conducted under the auspices of a military regime which had very clear ideas about its succession and the determination to make them stick. The more meaningful test for democracy in Nigeria will come in 1983. To be sure, it will prove much less than we think. Even so, we are not facing it with much confidence or enthusiasm and for good reason too. But that is by the way.

The significance of 1983 is that it is uniquely placed to show us what we are in clearer relief. It threatens us with a rude awakening to our urgent predicament. As we march inexorably towards 1983 we recognize our predicament, first as fear. In particular, we fear that the divisions of our society are so deep, distrust and anxiety among the contending groups so high that the country appears headed for a political struggle of unprecedented intensity. Further, we fear that the political system might disintegrate in an orgy of political recrimination and violence. I believe that this fear gives us a clue to the undersantding of the state of the nation.

But fear is only an emotion which by itself tells us rather little. What is the objective basis of this fear? It would seem to be engendered by the pervasive alienation in Nigerian society. There is the alienation of leaders from the masses arising from the unconscionable exploitation of the masses. There is the mutual alienation of the ethnic groups as ethnic consciousness is manipulated to secure political and economic power and to retard the development of class consciousness. There is the alienation arising from our hostile social environment and our struggle to survive in it: The frightful traffic jams, the ubiquitous threat of avalanches of garbage on our streets, the interminable power failures, the pathetic striving of workers to make ends meet on incomes that fall well below a living wage.

Because of this pervasive alienation, our morale is low. More significantly, alienation has bred political intemperance. People are understandably wary of being subjected to the power of those from whom they are alienated. Thus alienated groups struggle determinedly to gain power
are alienated. Thus alienated groups struggle determinedly to gain power

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* *University of Port Harcourt – Port Harcourt, NIGERIA.*

since they perceive their security to lie only in their direct control of power. This has made the premium on political power exceedingly high in Nigeria and encouraged extremism in the pursuit and use of power.

Still we are merely dealing with epiphenomena. We are dealing with objective conditions only in their surface appearances. For a fuller understanding of what I have called our urgent predicament and its objective character, we have to look beyond these surface appearances. We have to face up to the fundamental questions: why is Nigerian society so replete with alienation?

I think we can find some answers in the character of Nigeria's productive system, particularly the peculiar turn of capitalist development in Nigeria. Despite considerable maturity of capitalism in Nigeria, our economy still retains substantial elements of primitive accumulation, that is, the use of legal and physical coercion to accumulate surplus and to institutionalize capitalism. Now, in so far as primitive accumulation is occurring, the state is immersed in the class struggle and unable to rise above it and mediate it. This is all the more so when we add the factor of the weak material base of the Nigerian bourgeoisie. As was to be expected, the Nigerian bourgeoisie has tried to make the best of what it has, namely, political power, and has used it to intervene massively in the economy in order to create for itself a material base for its domination. The problem is that by using force to intervene in the productive system, the Nigerian ruling class is no longer able to disguise exploitation as fair exchange, but rather exposes it as naked coercion. So legitimacy has receded to the background, making way for relations of raw power and the perception of right as being coextensive with might. Those are the circumstances which have made the quest for power in Nigeria so attractive that power is sought by all means and when acquired, retained by all means. From the very first day they took office, the Federal as well as all the state governments in Nigeria were concerned more with expanding and perpetuating their power than with good government. Power is often abused with impunity. Those of a different political leaning from the government in power have generally been treated as if they have no rights. And because of this, the country has stumbled and tottered on the brink of disaster.

As 1983 approaches, our anxiety is mounting to a new peak. This is because we all recognize that 1983 could change substantially the distribution of power among fractions of the ruling class. In the face of this prospect, those who are out of power are bracing themselves for this opportunity to capture power by all means and those in power are equally determined to retain it by all means. What will happen? Will we stop just short of the brink? It is hard to say.

Perhaps we can glean some insights from considering the objective character and the objective situation of some of the principal actors in the unfolding drama. First, the Nigerian masses. They are theoretically the most important factor in the situation in that they are supposed to be doing the electing. However, they will be doing no such thing – that much is clear. Some people will get themselves elected by corrupting, confusing and badgering them. Their day will come, but not yet. For now they are merely victims or, at best, marginal participants and it is their marginality that gives an aura of unreality to 1983 and leads one to suspect that 1983 might not be so important after all.

Turning now to the governing party – the NPN. This is essentially a coalition of two groups – feudal elements bent on boosting their declining influence by economic power and the feudalization of modern institutions and buccaneer capitalists. For both groups their capital comes less from productive activity than the manipulation of social status and political power. They are strongly disposed towards primitive accumulation.

As a government, the NPN has performed dismally and its legitimacy is badly eroded. This has been pointedly demonstrated by the recent economic crisis. The government tried to persuade the Nigerian public that the crisis was due less to its performance than to international economic forces, but to no avail. And when it tried to elicit sacrifices from the public to implement its austerity measures, it was angrily and derisively rebuffed and obliged to beat a hasty and humiliating retreat. The NPN's potential for political intemperance at this time is especially high. It cannot afford to have another group of office holders scrutinizing its record. It cannot afford to lose political power – its major means of accumulation. No wonder the party had already signalled its determination to keep Federal power at all costs.

In the case of the UPN, its core leadership comes close to being a bourgeoisie in the orthodox sense for it has a fairly well established base in commerce and industry. It is also beginning to acquire the sophistication of an established bourgeoisie. The UPN would ensure a more rational organization of capitalism in Nigeria and it appears to understand the necessity for defensive radicalism. By its economic nature it is more disposed to discipline, efficiency and productive capitalism (orthodox accumulation). To this extent it is more progressive. However, the UPN is ultimately a more conservative force than the NPN in so far as it is more entrenched in capitalist production and far more adroit in its defence of capitalism. The UPN is singularly thirsty for Federal power and will fight tenaciously. Openly contemptuous of the NPN's buccaneering style, the UPN worries that the NPN is, in spite of itself, a menace to capitalism and political stability in Nigeria. Finally, the UPN worries that if the NPN wins again, its leaders will be put to the sword.

The NPP is a party of what I may call for want of a better term, the lower bourgeoisie. It thrives on commerce, contracts and political access. A subclass foot-loose in search of opportunity, the NPP is not noted for strong passions or ideological purity, and its loyalty is fitful. The NPP wants a share of Federal power somehow because political power is a critical part of the economic base of its leaders. Also because the NPP fears that it would be quickly dissipated as a political force if it remains out of office.

The socio-economic base of the GNPP is «mixed». This partly accounts for its lack of ideological rigour. Its identity was given sharp definition from the anti-feudal and ethnic struggles of Northern politics. It has become somewhat incoherent from internal dissension to the point that it looks increasingly like a spent force. Nevertheless its factions will exert some influence in the impending realignement of political forces.

The newly registered party NAP appears to be a satellite of the NPN floated in the hope that it will be a serious nuisance to the UPN. It will not. The NAP has no character, no vision and apparently no future.

The economic character of the PRP is decidedly petit-bourgeois. It is notable for its leadership of the arduous struggle against feudalism in Nigeria. The PRP is generally regarded as the party of the future and the only party offering an alternative course for Nigeria. More recently the party has suffered immensely from the rift between the Aminu Kano faction and the Imoudu faction and is now only a shadow of its former self. The Aminu Kano faction appears to have lost its revolutionary fervour and even its sense of purpose; it is curently preoccupied with the liquidation of the Imoudu faction. Under the combined pressure of the NPN feudalists, FEDECO and the Aminu Kano PRP, the Imoudu PRP has been, so to speak, derailed. It is now solely preoccupied with survival. Recently it decided to dissolve itself into a new formation – the Progressive Peoples Party. Following this decision, the faction is poised for a split into two – the Rimi faction which supports the PPP merger and the Balarabe Musa-Imoudu faction which is opposed to it. The party appears to have declined beyond redemption. But this will not be evident until after the elections.

It may be reasonably conjectured that there will be a particularly acrimonious fight in Kano and Kaduna States between the NPN and the Imoudu-PRP on the one hand, and the Aminu Kano-PRP and the Imoudu-PRP on the other. The Aminu Kano PRP is singularly bitter about what it considers to be the betrayal of the Imoudu PRP and seems bent on its liquidation. The NPN, for its part, is determined to destroy the Imoudu-PRP partly because it is the most viable radical organization in the country and partly because it resents the indignity of conceding Kano and Kaduna, the key states of its ethnic base, to the PRP. There is a real danger of widespread violence there.

The general picture is clear. There is so much at stake and the disposition to political intemperance is so strong that the chances of avoiding political turmoil are small. Those of having a fair election are smaller still. There are moves for alliances. If these materialize they will make the contest less complex but no less intense. The NPN with all the advantages of incumbency, does not seem specially keen on alliance. In any case, it is so domineering that alliance with it does not seem very inviting to the other parties since it is bound to look like submission. The likely and significant alliance will be some combination of the other parties to defeat the NPN. Some formations have already emerged, although they are still tentative – PPA and PPP.

If no alliance materializes, the NPN is likely to emerge the strongest of the parties after the elections, given its control of executive power at the Federal level. But it is unlikely to win well enough to avoid being a minority government. In the event that the PPA or the PPP or some effective alliance emerges against the NPN, they may likely defeat the NPN but, again, indecisively. So, here again, we face the prospect of a rather weak government. In this case, the problem will be compouded by the heterogeneity of the elements in the alliance. There is also the outside chance of a coup d'état. Or one of the parties could rig the elections on a scale that could make it dominant. Either event will only underline the reality of political instability and the prospects of more to come.

Does it really matter whether the NPN wins or some combination of the parties opposed to it? It does not matter much. They represent essentially the same class and in government they will display roughly similar tendencies. However, on balance, the defeat of the NPN might serve the interest of the country better. For one thing, it deserves a reprimand for its appalling performance. More to the point, the defeat of the NPN is necessary to maintain a balance of power between the factions of the bourgeoisie in order to reduce the repressive potential of this class.

No matter who wins, the election will not settle any of our fundamental problems. That is not to say that we are wrong in approaching it with such anxiety. For the anxiety is symptomatic of deeper problems which have always remained with us. Years of ineptitude, greed and corruption have wasted our natural resources and nearly turned an oil boom into a nightmare. A predatory capitalism has bred mass misery, turned politics into warfare and all but arrested the development of productive forces. Behind exaltations to unity and faith, the Nigerian ruling class has assaulted the masses with physical and psychological violence and thwarted their aspirations particularly their escape from underdevelopment and poverty. Their aspirations will remain thwarted until existing production relations are overturned. All those who really want peace and progress in Nigeria have to work for this ultimate goal.

In the meantime, there is a preliminary task which demands urgent attention. Discredited by its dismal performance and beset with internal contradictions, the Nigerian ruling class is very concerned about losing its grip. The indications are that a part of this class is intent on going for broke, using violence to impose a thorough-going dictatorship or even fascism. Those who are watching Nigerian affairs closely can see that the matter has already gone beyond mere intention.

We can collaborate tamely in our brutalization and in creating a present that offers our children no future. Or we can resist. The issues are clear, the choice lies before us. For all its dangers, I hope we shall choose to resist – and in the very practical form of involvement in popular struggles. That is what the state of the nation demands of us. That is the way to see ever more clearly, to strengthen our resolve and to move forward.

FOUR YEARS OF PRESIDENTIAL DEMOCRACY IN NIGERIA

By

*Tunde ADENIRAN**

The coup d'état of December 31, 1983 by the Nigerian Armed Forces put an end to the country's Second Republic which began in October, 1979. The system of government of that Republic is worthy of analysis in that it represents a distinct phase in the political development of Nigeria and could also add to our knowledge of the factors and forces which determine the success or failure of borrowed systems of government. Focus will of necessity be on the various arms of government and some selected policies that reflect the preoccupation of the government(s) of the Second Republic.

In October 1979, when a civilian administration took over from the last military regime, Nigeria opted for at least two things. First, with the Constitution that became operative that year, Nigeria chose to continue with a federal structure. Second, Nigeria also decided to adopt a new system of government, the presidential democracy. Both imply something which, perhaps, was not immediately apparent to many Nigerian politicians at that particular time.

Essentially, the federal system of government makes great demand upon those who organize and practise federalism. These are in terms of the spirit and will to make it function as well as the financial and manpower resources that are needed to be utilized for the proper and effective governance of a federal system. By adopting the presidential system of democracy, Nigeria had thus added the challenge of operating an untested presidential system to the task of running a federal system of government. The rapidity of events, the bewildering array of political realities, socio-economic paradoxes and, indeed, the actors, forces and pressures on the Nigerian scene are rather intriguing and challenging.

In spite of the above, all we hope to do here is focus on a limited aspect of the complex drama that unfolded in Nigeria from 1979 to 1983. The major themes that have been interwoven include Federal-State competition, re-alignments among parties, executive-legislative flexing of power and influence, trials of the judiciary, and some unusual political theatrics both within executive and legislative branches of government. We will, however, restrict our analysis of Nigeria's presidential experience to the major interactions on the political stratum. We intend to examine presidential democracy as it was practised in Nigeria with a view to relating

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achievements to goals and potentials. The purpose is obvious. In view of Nigeria's plunge into a new system of government along a new path and with a sizeable proportion of new participants, it is important and timely, on the death of that first experiment at presidential democracy, to take stock of Nigeria's system of presidential democracy. Perhaps, through such examination of the «present-past», it would be possible to understand certain aspects of what went wrong in the past, look ahead and appreciate the variables that are likely to condition Nigeria's post-military system of government in the years to come.

ON PRESIDENTIAL DEMOCRATIC SYSTEMS

Presidential systems, in those countries that practise conventional democracy, usually exhibit certain characteristics. Prominent among these are the relatively distinct separation of powers between the executive, the legislature and the judiciary. There is also a pattern of relationship that is also fairly distinct. This pattern is reflected in the relationship between the federal government and the various state governments of the federation. Another important aspect is the relationship between the Chief Executive and his Lieutenants: members of the Executive, his Special Advisers and Assistants; and between these functionaries and the members of the legislature.

Predicated by the foregoing arrangement, (federal) presidential democratic systems are organized to achieve at least three objectives: The first is to create a structure which would make it possible for members of the federation to be as involved as possible within the overall political framework. In other words, they are supposed to offer, and usually tend to offer, a lot of opportunities for broadening the base of political participation and for creating adequate avenues for both vertical and horizontal involvement by all sections or regions of the federation in the government of their country.

Secondly, it is based and built upon a tradition which tends to see efficiency as a function of the structural set-up and, therefore, makes distinct the spheres of influence or the areas of jurisdiction of the various arms of government. In this regard, it is expected that by separating the executive from the legislature, unlike what obtains in parliamentary democracies, it would be possible to have greater efficiency, conditioned by the apparent separation of responsibilities.

Thirdly, it is also the tradition of presidential democracies to fill appointive posts with competent candidates with proven abilities in specialized areas. In other words, appointments to high political offices are determined not solely by the factor of political patronage but by the need to get and use the talents of individuals whose ideological inclinations or political orientations coincide with that of the government.

Moreover, in presidential systems, the procedure and pattern of operation is such that the members of the executive owe allegiance to the president, the chief executive, rather than to the party to which he belongs. This is usually so because appointees are not necessarily strong partymen but are distinguished individuals with a lot of expertise to offer to make the government function effectively and productively while exhibiting or expressing limited feelings or sympathy for the particular party in government.

Furthermore, the government machinery operates in such a way that the centre becomes something of a melting-pot, especially for the privileged elites – with a governmental structure that spreads its rays and extends the federal tentacles to the various parts of the federation in a somewhat democratic way – while also serving as the pivotal frame within the federal set-up. The symbolic and divisible benefits that are derived therefrom tend to further weld the constituents together. From the various pronouncements and manifestoes of some political parties in Nigeria before the 1979 elections, some Nigerians actually anticipated such a situation. The extent to which some hopes were shattered and certain aspirations unfulfilled will be revealed as we examine some salient aspects of the four years of Nigeria's presidential democracy.

THE EXECUTIVE

Shortly after the 1979 elections and after Shehu SHAGARI, the presidential candidate of the National Party of Nigeria (NPN) had been called upon to take over the Federal government administration from the military regime. He took two significant steps. First, he approached the other political parties – the Unity Party of Nigeria (UPN), the Nigerian Peoples' Party (NPP), the Great Nigerian Peoples' Party (GNPP), and the Peoples' Redemption Party (PRP), to form what he called a «national government». Second, he invited his party members to send nominations from which to form his executive. These two steps eventually turned out to be two movements in the wrong direction with regard to the way a presidential system of government should be run. In the first place, by inviting the other political parties to join in forming an alliance government, the President undermined one of the fundamental principles of presidential democracy. It was his responsibility (assisted, perhaps, by a special Task Force) to search for and form a «cabinet» rather than the prerogative of leaders of any political party – including his own. It is indeed on the basis of his election manifesto that he should have set out to appoint the members of his executive.

The invitation to the other four political parties suggests at least three things. First, it implies that there were no rigid or clearly defined and specific policies to be pursued since it was inconceivable that members of political parties that had presented contending policy positions to the electorate and who even disagreed on basic principles of Federal governance and what the interests of the nation were would be expected to participate conscientiously and effectively in carrying out the policies that were presented by one candidate or prepared under the influence of his party. It is significant to note here that even Aminu KANO's PRP with a distinct and most radical manifesto of the five was ready, in 1979, to support the formation of a national government.

Second, it shows that while conforming with Section 14 (3) of the Nigerian (1979) Constitution which urges that federal character be reflected in the composition of government, it really would not matter what calibre of people and what category of men were brought in to serve the President in his executive by those parties, except perhaps if the Senate which, under Section 135 (Sub-section 2) of the Constitution, would exercise its power to screen and reject those considered unfit for ministerial appointment. Third, by that move, the President was either demonstrating a gross lack of knowledge of presidential democracy and how it ought to work in Nigeria or he was over-reacting to both the complex and diverse nature of the Nigerian political set-up and the suspense and uncertainty which attended the outcome of his election.

With regard to the second step he took (that is, requesting his partymen to send in names from which he would fill his cabinet), he was ascribing a role to his party which should not have been brought in to handle such a responsibility. By so doing, he turned ministerial posts into party patronages and ended up getting an admixture of people that were not appointed especially on the basis of proven ability or on the commitment to particular goals other than that they were strong partymen who took advantage of the President's approach to the problem.

The new President also put himself in a position whereby he had to fill positions, no matter how critical, no matter how specialized and deserving of professional handling, with people whose main credentials happened to be that they were political figures and strong partymen. President SHAGARI eventually took a third step after some of the parties, for various reasons, had rejected his offer. He went into an accord with the Nigerian Peoples Party (NPP) for the purpose of sharing political posts and for helping in pushing through some of his bills in the legislature. This was more or less a return to 1959 in view of the ethnic base of the NPP *(1)*.

Thus far, subsequent events have proven that the President was also unaware of the irrelevance of such an accord in a presidential democracy. For, if he had wanted to use members of the NPP, based on some assumed competence or proven ability by those people, he could have gone ahead to enlist them *(2)*. In any case, if the President was concerned about having an executive with a national character as required by Section 14 (3) and Section 135 (3) of the Constitution, this could have been done without going through all the political parties or into an «accord» with one of them. It could also have done without relying on his political party to nominate for him. Many observers had expected that the President would set up a Task Force to operate as a «Search Committee», and that this would, of course, comprise of party supporters and loyalists but definitely with some patriotic people well versed in the art of government but with contained interest in partisan politics who, however, have sympathies for the proclaimed policies of the President. The Task Force that was set up, more or less at the instance of the Military, was concerned primarily with *transition* matters (from the military to the civilian administration).

By taking the three steps noted above, the President had laid the basis on which his government would move or function. By the time he started to operate, his movement was on three legs: one, his ministers; two, his special advisers; and three, his party caucus. From the way the government was run, it seems that only a few of his close to fifty ministers had been assigned on the basis of relevant background knowledge or specialized knowledge that they had. Among these was Dr. Wahab DOSUMU, the former Minister for Housing and Environment who was trained in regional planning and urban development. He was, however, summarily re-assigned half-way. Another appointee who was properly assigned a ministry was Dr. Edwin MADUBUIKE who was given the responsibility for Education. Dr. MADUBUIKE was an educationist before going into politics. In about 95 per cent of the other cases, the situation was that ministers were assigned the ministries with which they had little or nothing in relation. A medical doctor (Professor Ishaya AUDU) was, for instance, assigned the Foreign Affairs Ministry, expected to be the country's spokesman on foreign affairs, and was supposed or expected to be the Chief Administrator of the country's external relations. On the other hand, the man assigned to the Ministry of Health, Mr. Sylvester OGWU, knew absolutely nothing either about medical science or about health administration in general.

Moreover, the ministers assigned to such critical areas as defence, finance, agriculture and internal affairs knew almost nothing and definitely had no relevant background to qualify them for the appointments they were given. In fact, the first Minister in charge of Internal Affairs, Malam Maitama YUSUF, had just left school when he was given such a sensitive and demanding national responsibility. In his case (as in many others), there was no relevant basic training or exposure either to public policy-making or execution, or even to any form of serious work experience before the crucial appointment. After bungling in that Ministry, he was assigned to the Ministry of Commerce which is just as important as any other ministry in the Federation except, perhaps, defence and foreign affairs and indeed the most important with regard to the nation's foreign exchange transactions.

With this pattern of executive formation, the various ministers had to perform those functions that were performed by ministers in a parliamentary democracy. In other words, during the four years of presidential democracy, there was considerable reliance on the expertise of the civil servants; and, in those cases in which the minister had been assertive, the stand had been taken firmly on political rather than on professional grounds.

The presidential democracy of the Second Republic could therefore be said to have been run almost along the lines of Nigeria's First Republic – a situation whereby ministers were mostly rubberstamp political bosses, or executives that took decisions without regards to facts and planning. Within the set-up, the main responsibility of the minister was to ensure that the policies of government, especially those which involved the award of contracts, were pursued along some specified lines. The minister ensured that some or all of the cabinet decisions were carried out by the civil servants in compliance with the desires of the political party (or, in some cases, as preferred by the President or the Minister concerned) rather than on any other criteria.

There were some occasions when the performance of ministers constituted an embarrassment on the administration. For instance, the former Minister in charge of Steel Development, Mr. Paul UNONGO, left office (or had to resign) under suspicious circumstances. The Minister of Justice, Attorney-General Richard AKINJIDE, misled the Federal Government on some crucial occasions (in view of related court rulings) while many ministers sat over a catalogue of misdirected policies, unexecuted programmes, abandonned or uncompleted projects and unfulfilled expectations.

The NPN party caucus, for its part, played an active and effective role with regard to keeping watch to ensure that the President's programmes and policies were executed or abandoned in the interest and to the benefit of the party's parasitic bourgeoisie. One cannot, however, be assertive about the roles played by the Special Advisers. There was considerable confusion among them concerning their proper functions. Dr. Chuba OKADIGBO (Special Adviser on Political Affairs), and Chief Olu ADEBANJO (Special Adviser on Information) functioned more as party agents (hatchetmen) than as advisers to the President. Such cannot be said about some of the other advisers, even though there is a common tendency among them all of not appreciating where to draw the line between advising the President and pushing purely personal policy or party preferences.

With regard to the States, they were no different from the Federal Government in terms of the selection and assignment of political appointees. Generally, there was a consistent pattern of basing appointments on purely political calculations – including appointments on the basis of party hierarchy and the degree of political participation or the extent of command of grassroots followerships. Secondly, appointments were also based on the relative need to spread out so as to reflect, in this case, state character as much as possible. As was the case at the centre (the Federal level), the States had thus also been involved in the assignment of commissioner to ministries with which they had little or no familiarity. The performance of the members of such executives, in situations like this, is quite predictable.

THE LEGISLATURE

While the Executive seems not to have performed up to expectation during the Second Republic, the verdict on the legislature is no less negative. Elsewhere, it has been found that while legislatures do not play a major role in lawmaking, being often pre-empted by the executive branches, they perform such functions as linkage (or representation), conflict management, leadership recruitment, policy-making and system maintenance *(3)*. The extent to which Nigerian legislatures of the Second Republic performed any of these is debatable.

According to Section 54 of the Nigerian Constitution, the Legislature was supposed to perform law-making functions exercised by passage of bills. The law-makers, at both federal and state levels, were also expected from time to time to use either their knowledge and experience or their initiative and discretion in the screening and confirmation or rejection of presidential or gubernatorial appointees.

Judging from the low level of debate and flow of legislation, legislative indiscipline and lack of professionalism, inadequacy of knowledge and information, the ineffectual use of the Committee system and the inability to constrain the executive branches which frequently armtwisted the legislatures, it would seem that the legislative houses, including the Senate, did not display sufficient understanding of, and commitment to, their calling as stated in the Constitution. To most observers, the performance of the Senate has been most disappointing – particularly with regard to the screening and confirmation or ratification of ministers submitted by the President. Legislative handling of the list of commissioners brought forward by the State Governors was not impressive either.

With regard to the ministers, the decisions of the senators seemed to have been influenced more by political considerations than by the relevant factors which ought to have influenced their decisions in ratifying or rejecting certain nominations. After the first round of «screening» and ratifications in 1979, another exercise was undertaken in January 1982 but this, in relative terms, amounted to no screening. They merely saw or viewed the appearances of the nominees and asked a few questions that had no bearing with the essence of the entire process. In spite of the public criticisms of earlier exercises, the legislators were prepared in 1983 to screen nominees for ministerial and commissioner posts without having any information about specific ministerial/commissioner posts to which they would be assigned. Questionable ministerial nominees originally rejected by Senate were later ratified due to the President's insistence. This was not only a mockery of screening and too much difference to the Executive but a real assault on that constitutional requirement.

With regard to the States, many of the State Legislatures performed more or less the same way as the Senate concerning the ratification of nominees for executive appointments. In all cases, there was no effort by the legislatures to request for, and get from the Chief Executives, details of the ministries to which the nominees would be assigned. They were not, in view of this, able to relate the background of the appointees to their appointments. At best in some cases, nominees merely forwarded their curriculum vitae and this was why, as EKPU observed with regard to the 1982 exercise,

> *«the screening exercise itself in the Senate was a mere farce and there was no serious attempt either by the relevant Senate Committee or the Senate itself to subject the nominees to a probing interrogation to determine the breadth and depth of their knowledge, thus the public was denied the chance of finding out whether there was any nominee who could not remember his father's names» (4).*

This might seem far-fetched or unfairly exaggerated but it happened during one of those few occasions when the Senate did its job that an ambassadorial nominee did not know the National Anthem. One other nominee could not remember the title of the novel he read last while another could not answer any of the basic questions relating to his probable foreign assignment.

In some State Legislatures, the lawmakers merely ratified the list without asking any questions and even without debating the issue of the nomination or inviting the nominees for questioning or any relevant probing. This situation apparently did not help the Chief Executive who probably could have retraced his steps and undergo some rethinking concerning the assignment of certain nominees. Perhaps, too, this could have helped eventually in making sure that, to some extent, the various nominees were put in positions where they had at least some rudimentary knowledge or were relatively suited.

The second level at which the legislature was visibly involved was the area of passing bills. There was a general tendency by the various Houses of Legislature to pass bills brought by the Governor or by the President on political considerations simply because to turn down a bill put forward by one's own party Chief Executive would be regarded as anti-party behaviour and, as such, efforts were made to always base actions with regard to the passage of bills more on political considerations than on purely rational grounds.

Moreover, there was an attempt by the Senate to destroy its own power by the illegal passage of the Revenue Allocation Act 1981. We will return to this while considering the judiciary. On March 4, 1982, the Senate also decided to hand over to the President the power to appoint the Executive Secretary of the Federal Electoral Commission (FEDECO). Since the President was a politician with personal ambitions and political goals, such a decision negated the spirit of the Constitution which, in Section 145 (1) provides that «FEDECO shall not be subject to the direction or control of any authority or person».

On the other hand, however, the House of Representatives could be said to have performed relatively well. For instance, it followed a tradition of real legislative vigilance over Executive initiatives and performance. From 1979 onward, it initiated a number of bills and passed some into law. It demonstrated that legislators could work together on any issues – regardless of their political differences.

The bills that went through the House of Representatives were passed following the principles of collective and individual bargaining, negotiations and some degree of log rolling. The House also served as an effective watchdog on budget issues and on executive performance in general. Significantly, its members based many of their decisions not on party considerations or selfish interests but more on convictions and beliefs with regard to specific issues. They displayed some degree of independence and maturity. As one political observer put it,

> *«For the National Assembly, a bold but commendable effort is being made by legislators to wean themselves from the grade of apprenticeship and even bolder and healthier stride is now being made by the legislators to shake off an endemic national plague which is as old as politics in this country – chronic partisanship and blind followership of political figures» (5).*

THE JUDICIARY

The Judiciary was a relatively effective arm of government during parts of the Second Republic. In spite of some grand provisions in Sections of Chapter VII of the Nigerian Constitution, the operation of the judicial system took off with a shaken faith in it by some political parties who were disappointed as a result of certain decisions of some High Courts and the Supreme Court itself on the outcome of some crucial aspects of the 1979 elections. Shortly thereafter, however, the judiciary became a refuge for both the Executive and the Legislature as well as the community at large.

A number of cases were brought before the courts and the outcome proved that the Judiciary could be a useful and effective check in a presidential democracy. If not significant, it is at least symbolic that the appointment of the Minister of Justice and Attorney-General as well as the

Commissioners of Justice and Attorneys-General of States is, perhaps, one singular area where appointments were based especially on some knowledge of what a ministry required. In spite of this, however, the Ministry of Justice had a record of bungling matters for the Government. At the federal level, for example, the Federal Government was mis-advised on a number of issues and the Government took positions regarded generally by the public as unjust and unhealthy for the nation. Recourse was often to the courts for rectification. The National Revenue Act, for example, was mis-handled both by the National Assembly and the Government but was resolved in a judicious manner by the Supreme Court.

The National Revenue Allocation Act 1981, was a crucial issue for the Judiciary during the Second Republic. The Revenue Allocation Bill was signed into law by the President without being properly passed. Many of the states were not pleased with the allocation of funds which was titled against the states and changed adversely further as the bill was considered at successive stages. Due to factional disputes, conflicting perspectives and intra-party splits, the legislative leadership side tracked procedures that might halt the passage of the bill. The differences on the legislation ought to have been resolved by a Joint Committee of the two houses – with the authority to finally approve it. Mr. Joseph WAYAS, the Senate President and a key leader of the President's NPN, who ought to have called the joint session of the Assembly refused and sent the bill to the President for signature. The Governor of the oil-rich Bendel State (Ambroise ALLI) fought the bill up to the Supreme Court where it was declared unconstitutional, null and void due to the enactment procedures.

The courts also handled a number of other sensitive and potentially explosive cases. These include the Shugaba episode, a case which involved the illegal arrest and deportation of a prominent Nigerian citizen. They also include the take-over of private schools by the Lagos State Government. In the various cases brought before them, the courts tried to demonstrate as much independence as possible within the new dispensation although their handling of election cases were frequently controversial.

SOME SALIENT POLICIES

It is pertinent at this point to refer to a number of policies that were pursued by the government of the Second Republic. Such a step might further reveal the interaction of factors and what we may regard as the balance-sheet of presidential democracy in Nigeria.

Domestically, it seems that what the federal administration did (the country had an 82 billion Naira Fourth National Development Plan) centred around a number of projects which the NPN that produced the President tended to hold highly. One was housing. Others were agriculture and the provision of industries, especially Steel Development.

With regard to Housing, there was a deliberate effort by the Federal Government – a policy which is equally endorsed or shared by the State Governments – to pursue a housing programme through which low-cost houses would be built all over the Federation in the various States by the Federal Government and in the various local government areas by the State Governments. The low-cost housing estates were, in general, supposed to be located in the various state capitals, local government headquarters and some commercial or industrial towns or centres. The purpose was to increase the potentials of these areas for generating more economic activity and to provide housing and accommodation for workers who would otherwise not have such facilities.

The execution of the housing programme was not successful. There was delay even in starting and when works started, they caused the Government almost prohibitive amounts in view of the fact that both the contractors as well as the party were more interested in making money out of such projects than in creating the facilities. They were a set of ventures undertaken to divert resources from mass-oriented purposeful programmes to making more millionaires out of the deprivations of the disadvantaged and the pauperized.

In the area of agriculture, the Government placed a lot of emphasis on the need for the country to be self-sufficient. A «Green Revolution Programme» was launched. The programme was inaugurated in April 1980 and the purpose was to boost agricultural production and to encourage rural development. This twin goal was to be achieved through the establishment of agro-based industries, the construction of feeder roads and the provision of facilities that would make rural areas congenial to the production of agricultural products. The ultimate goal was to make Nigeria self-sufficient in food production within five years and to make the country a big exporter of agricultural crops within seven years.

There was, in pursuit of the above, a National Accelerated Food Production Project designed to increase the production of rice, maize, guinea-corn, millet, cassava and wheat and it was expected that over half-a-million farmers would participate and that there would be many centres which would serve the farmers and help them in storing, processing and marketing their products. Each year, the Government was expected to spend millions of naira on this and seed-processing laboratories were established in Kaduna and Ibadan.. The policy of maintaining commodity boards such as the Cotton Board, the Cocoa Board, the Groundnut Board, the Rubber Board, the Grains Board and the Palm Produce Board started by the preceding regime was continued. The Boards were expected to operate in such a way as to help in production and manufacturing and to boost the country's capacity to export. The decline of these products were to be halted and steps taken, including association with foreign partners, to make sure that the Boards were able to put Nigeria in favourable state of production and export.

Moreover, in pursuit of the Green Revolution Programme, the Federal Government embarked upon fertilizer procurement and distribution. Over one million tons of fertilizer were approved for procurement and distribution each year. The programme was to enable all parts of the country to increase their agricultural production through the use of fertilizer. The eleven existing River Basin Development Authorities were propped up to hasten production of rice, etc..., while the fishery sector of the Nigerian agriculture was earmarked for special attention. In all these areas, however, there were problems with regard to translating wishes to action. The main problems relate especially to the pattern of execution, the conception as well as the mode of operation of these projects. As a consequence, the situation was that not only did these projects fail to take off well, they cost much more than was necessary due particularly to the inefficiency and greed of those charged with the responsibility of executing them.

The emphasis on industrialisation was, like the one on agriculture, very well placed. A country that is heavily dependent on oil exports and easily vulnerable to world oil glut and other contagious economic ills should, of necessity, industrialize and diversify. A number of industries were indeed cited but they suggested no industrial dependence for Nigeria. From food processing to motor assembly plants, the country was continuously short-changed. The Nigerian contents of the industrial production were less than 10 per cent. Moreover, while steel, the basic element in industrialization, was soon to be produced in million tonnes annually, it would still be cheaper to buy steel outside Nigeria (to continue importation) in view of the unnecessarily high cost of producing Nigerian steel. And, even if Nigerian steel could be made cheaper, the flat materials, etc..., needed for immediate industrial take-off were not being produced.

FOREIGN POLICY

During the Second Republic, Nigeria was involved, to some extent, in what looks like the task of stabilizing a foreign policy. There was, no doubt, an attempt to pursue the type of policy laid down by the previous military regime and also required by Section 19 of the Nigerian Constitution. This implies concentration on Africa as a priority area and upholding the principles which would «promote African unity, as well as total political, economic, social and cultural liberation of Africa». Nigeria, therefore, focussed attention especially against apartheid South Africa and was involved in the resolution or settlement of disputes in some troubled parts of Africa, especially the Chad Republic.

The President, on a number of occasions, also stated that his administration:

> *«will relentlessly work with all countries willing to apply civilized standard to bring about the early eradication of colonialism, racism and other forms of discrimination in Africa. We shall continue to do everything in our power to eliminate apartheid from our Continent and to defend the dignity of man everywhere» (4).*

Nigeria moved to solicit support from within Africa and outside of Africa in order to be able to achieve these goals. Efforts were made to attract both Africans and non-Africans against South Africa and for the purpose of ensuring peace in the Chad Republic. Nigeria opposed Libyan intervention and seemed to have faced up to the Cameroun/Nigerian border dispute on the basis of policy of good neighbourliness. The country also participated in efforts to settle or resolve the dispute in the Western Sahara, particularly the involvement of Morocco and Algeria.

Public reaction in Nigeria tended to suggest that the administration was not as assertive as it ought to be, particularly with regard to the Western world's direct and indirect intervention in the Chad Republic and the provocation by Cameroun with regard to the seizure of some parts of Nigeria's Cross River State. It is generally felt that, in spite of the provision of international law relating to the non-use of threat or use of force by states, and in spite of Nigeria's devotion to the policy of good neighbourliness and non-interference in the affairs of others as well as the belief in the OAU's principle of non-violability of boundaries inherited by states, Nigeria ought to have displayed much interest and be much more involved in the cases involving Cameroun and Libya. With regard to the latter case, however, Nigeria joined in chorusing out the Libyans and contributed largely to the peace-keeping force of the Organization of African Unity. The force was incapable of its task and the Chadian crisis became partially resolved outside the OAU framework.

Still in the area of foreign policy, Nigeria pursued the long-standing policy of promoting ECOWAS and trying to make sure that certain things were done to sustain the growth of trade in West Africa and among African States. The Federal Government's hostile reactions to the developments in some of the member-states of ECOWAS – such as Liberia and Ghana – did not further Nigeria's cause in this regard. However, the factors of mutual benefit continued to sustain ECOWAS and foster improved relations between Nigeria and other African states.

FOUR YEARS OF PRESIDENTIAL DEMOCRACY IN NIGERIA: AN ASSESSMENT

As stated at the beginning, our interest has been to examine the practice of presidential democracy in Nigeria during the Second Republic in relation to constitutional provisions, the promises and expectations. Nigeria's return to civil rule in 1979, the country's Second Republic, took a different form from the parliamentary democracy of the First Republic. This new experiment, with the introduction of presidential system, might suggest that some change or revolution had taken place. The operation of the system might also show whether, in spite of the sporadic efforts by the military to spark off changes in relation to the First Republic, all had been a mere change of political liturgy with little or no consequence for the anticipated change in the pattern of governance.

From the preceding review of the operation of presidential democracy in Nigeria, it seems that to some extent the executive, the legislature and the judiciary had opportunities to act as agents of change, link government closely to the people and contribute effectively to the initiation of development-oriented policies. However, the type of objectives set by and for themselves, and by which we have tried to assess them, do not sum up to anything that could have brought about genuine development and progressive change within the Nigerian polity. It is clear, however, that these objectives, if conscientiously pursued, could have led to a new pattern of collective governance as well as a drastic change in the socio-political and economic relations in such a way as to bring about new structural formations within the Nigerian polity.

Initially, it could be said that the major task that the new leadership faced was how to negotiate the dangerous political corner in Nigerian affairs when they took over in 1979. From their records of performance, it seems that the Executive took more steps to initiate a number of bills than the legistature but, in terms of the implementation of specific policies, there really was no remarkable display of initiative. The only areas where there seemed to have been some measure of changes was the execution of the Free Education Programme undertaken by some State Governments, especially those states controlled by the UPN. This, in fact, was a continuation of the policy introduced in the old Western region during the 1950s. Even then, and in spite of the high promise of the programme during the Second Republic, the execution was not cost-effective as to enable the programme realize its potentials.

When we look beyond the domestic policies and we examine foreign policy which was the exclusive prerogative of the Federal Government, the Government could not boast of any major achievement. Africa, for instance, was supposed to be the central focus of the Govenment's foreign policy with the total liberation of Africa and the liquidation of apartheid as a primary task. Yet, Namibia did not feel the impact of Nigeria's pressures while such countries as Britain, the United States or even some Arab countries such as Saudi Arabia could not be dissuaded by Nigeria or compelled by any Nigerian initiative to reduce the economic and psychological support that they were giving to South Africa. Along the same line, countries that had, at one time or the other, taken steps against Nigeria's national interests could not be given the type of assertive and instructive response required by modern diplomacy. Two examples in this connection are the Cameroon and the Chad Republics. Instead of these countries being subjected to effective pressures that would yield a change in the interest of Nigeria's African policy, they continuously defied Nigeria and this they did successfully with the backing of France.

When we move from the Second Republic's politics and consider the economic situation, we see a condition that called for alternative handling. The operational forces within the economic environment had something to do with the nature of the political direction in Nigeria during the four years of presidential democracy. In view of the patterns of economic formations and the social relations that were engendered by the new political system, the country experienced some growth without development and this was characterised basically by domestic bankruptcy and external trade imbalance. The country was out initially on a spending spree at a time of high-level smuggling and excessive importation controlled by powerful middlemen who readily took advantage of the new system which opened up to them many avenues of patronage and protection. The country thus found it difficult to take off economically in spite of the oil wealth particularly because the limited efforts made by way of national control and joint ventures brought in more external penetration and control of the economy than anything else. This pattern was complemented by the ever-growing presence of the multinationals.

With regard to the legislature, it performed, to a considerable extent, the traditional functions of representation, participation, resource allocation and legitimation within Nigeria's presidential democratic system. There also was some degree of legislative oversight. The Executive, at least in some cases, was well monitored. This, however, led to a dramatic situation in one of the States of the Federation. At the centre, for instance, it was the activities of the legislature that led to the enactment of such bills as the Minimum Wage Bill, the Appropriation Bill, the Nigerian National Petroleum Corporation Reorganisation Bill, the Security and Exchange Commission Bill, the River Basin Development Authority Bill, the Nigerian Reinsurance Corporation Bill while the reactions within the House of Representatives actually aided the efforts that led to the Revenue Allocation Bill being taken to court. It should be noted, however, that the Electoral Bill as well as the Bill concerning creation of new states should have been given more attention and *initiative* than they were given by the lesgislature.

At the State level, too, it is apparent that the Executive was more active than the Legislature. The one striking and exciting case involving unusual activism on the part of the legislature was the case of Kaduna State where the party of the Governor was in the minority. The confrontation and conflict between the Executive and the Legislature reached a crisis point that was never settled until the impeachment of the PRP Governor by the NPN-controlled Legislature. Incidentally, this State, being the only State among the nineteen States of the Federation with a Governor's party not forming the majority in the legislature, could have been a useful test case of the effective workings of a presidential democracy with its assumed separation of powers. Instead, however, untamed hostility and unguided confrontation marked the executive-legislative relationship to the extent that the Governor could not even have any of his nominees confirmed for posts of commissioners and had to administer the State almost single-handedly for a period of two years before he was impeached.

On the whole, and in spite of the anti-presidential pattern of recruitment and reshuffling, the unusual influence and dominance of parties as well as the multi-levelled confrontation and conflicts, there are no compelling reasons to doubt the future of presidential democracy in Nigeria when the present military regime leaves the stage. It appears, however, that in the absence of new and strict guidelines and standards, any new arms of Government would continue to undergo the type of on-the-job training which was the case during the Second Republic. Through such process, it could eventually be possible for the political parties, the executive and the legislature to understand the nature and essence of their roles and the limit of their powers. Along that line, the Second Republic situation whereby the judiciary shouldered an uneven burden would change and it should be possible for the processes that were implicit in the Constitution to be institutionalized to the extent that principles rather than personalities and policies rather than parties would continue to determine the direction of events and the patterns of interactions within a Nigerian presidential democracy. Anything short of this might make the problem of evolving a new political culture, a new system of government within a new political environment conducive to the building of a new polity, more difficult. This also might confound an excited and wishful citizenry that became rather weary, perplexed and even fed-up with the path along which Nigeria's presidential democracy was leading before the military terminated the Second Republic.

THE CAUSE OF THE DEPRESSION IN THE NIGERIAN ECONOMY

By

*Eskor TOYO**

The crisis in the Nigerian economy has evoked a lot of responses. These responses are part confused and part ignorant. The non-economist can be excused for being ignorant and surprised. What is inexcusable is the fact that no real understanding of the crisis has managed to show through the comments of the economists in Nigeria.

Three main reasons account for this deficiency of the economists. The first is that to most bourgeois minds, a capitalist crisis appears as a natural disaster or as an error that has nothing to do with the character of capitalism.

The second is that the way Nigerian economists by and large are trained robs them of the capacity to make a deep analysis of the crisis. They take a narrowly national approach and see it as a matter of maladjustments here and there, such as an exchange rate or petroleum price maladjustment, which can be corrected by this or that isolated policy.

This is not surprising because, under the illusion of the long post-Second-World-War prosperity in the leading capitalist economies, it was thought that Keynes had conquered depressions. Consequently, a study of business cycles virtually disappeared from the syllabuses of universities. In place of it appearred the vague talk about 'instability' which may mean seasonal fluctuations, balance-of-payments disequilibria, strikes, inflation or changes in taxation or other government policies. In development economics, which is tailored for underdeveloped countries, 'instability' has meant predominantly balance of payments maladjustments, inflation, strikes and coups d'etat.

For Nigerian economists specifically, a third reason for the lack of insight into the real nature of the crisis lies in the country's buoyant agricultural export performance during and immediately after the Second-World-War and her petroleum export good fortune thereafter. Because of this fortunate export position, she was largely long insulated from shocks from the many capitalist depressions after the Second-World-War. These depressions themselves happened to be relatively mild and short-lived by comparison with the 1929 depression or the current one. Now the country and her economists are caught with their pants down. Everyone is in the dark and confused.

In this paper we try to show where not to look for the cause of the crisis and where to look for its real cause.

First we review the fancies of local opinion regarding the causes of the depression. Next we point out where one ought to look for the cause. Then we axamine the roles of mineral oil and diversification in the light of this. Finally, we look briefly at some causes suggested by some economic theorists in capitalist countries.

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NIGERIAN FANCIES

To the bourgeois mind, crises of the capitalist system are simply natural disasters or the result of the errors of this or that government. It is not surprising that some university social scientists who have commented on the crisis hold that there is nothing unusual about the Nigerian depression, because depressions and economic bad times have always been a characteristic of human society. Then they claim that if the right policies had been pursued the country would nevertheless have suffered less.

The first thing anyone should do who wants to understand what has hit Nigeria is to distinguish the economic disasters of precapitalist societies from depressions in the capitalist economy. Since the beginning of history, floods, epidemics, famines and wars have devastated populations, drastically disrupted production and caused tremendous hardship. We have also had economic declines caused by special events such as the exhaustion of a mineral resource that was the basis of an economic boom.

Two things can be said about events of this kind. First, they are not really natural disasters which cannot be erased from human society. The history of modern times in socialist countries has shown that by the development of science and socialist planning, these so-called natural disasters can be prevented. Secondly, disasters of the kind here referred to are quite different from capitalist depressions.

Another view which sees the crisis as more or less a natural or unavoidable disaster is the one which claims that the Nigerian crisis is part of 'a world-wide depression.'

There are two errors involved in this view. The first is that the crisis is not, in fact, world-wide. It is seen as world-wide only by eyes trained or inherently predisposed to seeing the capitalist world as the whole world. The crisis is actually an on-going event in the capitalist world. There is no depression, and there cannot be one, emanating from socialist economies.

The capitalist depression affects any socialist economy only to the extent of its exposure to the vagaries of capitalist money and other markets as illustrated by the case of Poland. Even so, it is only under capitalism, for instance, that a readjustment of economic activity produces a depression. A depression must be distinguished from financial problems such as beset Poland. In fact, as we shall soon see, a depression is caused in the capitalist economy not by shortage of funds but by what is apparently too much money.

The second mistake made by the 'world-wide recession' view is that this view imagines the current depression to be like the relatively short, largely inventory recessions which occured on the average every four years in the industrial capitalist economies from 1945 to 1975. The present crisis, however, is of a different character. We are certainly not dealing with a recession caused by the overstocking of warehouses and raw material stores in capitalist countries.

Another popular fancy in Nigeria, this time promoted by the so-called explanations of economists, is that the depression in Nigeria is caused by the fall in the price of and demand for mineral oil. If one were to press further and ask why the price of petroleum and the demand for it have fallen, one may get such answers as the discovery of North-sea oil, or the effectiveness of the campaign to economise petroleum consumption or find substitutes for petroleum from OPEC countries launched by the traditionally large consumers of petroleum, namely, the industrialised countries of the Northern hemisphere.

One may sometimes get the answer that the price of and demand for petroleum have been adversely affected by 'the recession in the world economy', and that is where the matter is supposed to end. However, far from being an explanation of the crisis, the so-called 'recession in the world economy' is a catch-all for avoiding explanation. Nigerians are left to feel that they are hit by a global natural disaster whose cause is mysterious and about which nothing can be done, except to try to 'lessen the suffering'.

Because Nigerian economists offer the so-called fall in petroleum price and the demand for petroleum as the economist's authentic explanation of the economic crisis in Nigeria, we shall dwell on this purported explanation in one of the sections below.

An explanation of the crisis that appears, at least to their authors, less superficial than merely blaming mineral oil is the claim that the crisis has occured in Nigeria because of what is called 'the structural weakness' of her economy. It is implied that if the economy were not 'structurally weak' either the depression would not have occured at all in Nigeria or it would have been less disastrous in its impact.

By 'structural weakness', adherents of this school of thought mean either lack of diversification or the dependency of the economy on the economies of the 'northern sector' of the world.

Because the 'structural deficiency' view is held by many economists as the key par excellence to the apparent mystery of the crisis, we shall also devote a section below to examining it.

Lastly, there is the widely held opinion that the Nigerian crisis is a 'managerial problem'. This view was first expressed by Chief AWOLOWO. Professor AKINYEDE has claimed that Nigeria's economy need not be depressed if she could pursue a self-regarding colonialist pattern of economic and foreign policies with regard to other African countries. Professor DIEJOMAOH has claimed that with a loan from the International Monetary Fund, the country can soon end the crisis, provided she 'curtails her expenditure'. The implication of views such as these is that the crisis is brought about by mismanagement or is removable by management according to the prescription of this or that advocate.

Since it is obvious from what we are going to say that the crisis cannot be explained as due to particular policy or managerial errors, there is no need to give any special attention to this view.

CAPITALIST DEPRESSION

Depressions have characterised capitalism from its infancy in Europe and America in the eighteenth century. Before the Second-World-War, these depressions happened every eight to ten years. After the Second-World-War they happened every four years. Why is this so?

To answer the question, we have to be clear about the nature of a capitalist economy. A capitalist economy is a modern, or industrial, economy where the means of production and distribution, namely, factories and factory equipment, farms and farm equipment, mines and mining equipment, transport equipment, shops and their wares, and financial houses and money to finance business, are owned predominantly by capitalists. Capitalists are private businessmen who found firms and engage the labour of those who have no capital to produce goods for sale with the sole purpose of realising profits, or to sell specialised and organised services for the sole purpose of making profits.

Thus production and distribution of goods and services are done basically by capitalist-owned firms for profit.

It is important to emphasise that the capitalist economy is not simply a market economy; it is a particular kind of market economy. It is not simply an industrial economy; it is a particular type of industrial economy. It is not simply a money economy; it is a particular type of money economy. It is, in fact, a market, industrial and money economy where the production and distribution of goods and services is done solely for profit in enterprises belonging to capitalists.

For the explanation of depressions, it is important to note three important characteristics of capitalist enterprises. First, they are privately-owned and autonomous. That is to say that their owners can form, develop or dissolve them as they wish and can take business decisions, guided by their own self-interest without reference to anyone. Secondly, profit for their owners is the sole purpose of existence of a capitalist enterprise. This means that if profit is not earned the enterprise is regarded as not doing well, and if this happens over a certain period, the enterprise is dissolved irrespective of its usefulness to society. Thirdly, capitalist enterprises compete. The meaning of capitalist competition is that each enterprise is trying to gain for its owners as much as possible of the potential surplus that the labour of society is capable of generating, say, within a year.

The capitalist economy is characterised by alternating periods of prosperity and depression. These alternations are popularly called 'industrial fluctuation' or 'business cycles'. During periods of prosperity, profit prospects are good, business is generally buoyant, a high rate of investment takes place, there is a growing demand for labour and unemployment is down or hardly existent, and earnings from labour and property are relatively high. During depressions, however, the opposite of these things take place. Profit prospects are gloomy; business is generally slack with factories, for instance, closed or running well below capacity; little investment takes place because capitalist firms are afraid of losses; the demand for labour falls and workers already in employment are retrenched in large numbers; earnings from labour and property (except for monopoly profits) are relatively low.

What is responsible for these alternations? Economists have given a lot of thought to the question. Several answers have been given. All the answers agree on one thing, however, that the fluctuations arise from different rates of investment. The difference in explanation arise from different economists emphasising different factors as mainly responsible for the rises and falls in the rate of investment. The variants in explanation do not interest us. We can concentrate on the main theme.

Why is investment important and why does it alternate cyclically in capitalist and not in other economies? To answer the question, we must first describe the phases of the business cycle more precisely. We have, strictly speaking, four phases: depression (or slump), recovery, boom and recession.

In a normal cycle, during a depression, the relevant variables namely, profit prospects, production, investment, sales, employment and incomes are relatively low. A recovery is marked by a rise in these indicators of the business situation. In the normal case, a recovery takes place essentially because stocks of raw materials and produced goods have run so low that it becomes profitable to restock. Once the restocking investment starts, this has a stimulating effect on the rest of the economy and there is a general recovery.

The recovery runs into a boom because as profit prospects rise during the recovery and businessmen sense the coming of steady increases in demand, they rush to stock more inventory for fear of a rise in costs or they expand their plants and adopt new technology and this calls for new fixed investment. The expansion and reconstruction of plant lifts the whole scale of the economy. The banks are willing to lend during the recovery because of bright profit prospects and because funds are plentiful as a result of uninvested funds that were held in the banking system during the depression. The expansion in lending helps to inflate the economy and sustain the atmosphere of profit prospects.

As prosperity becomes prolonged, however, reserves are exhausted, labour and raw material costs rise, the investment in plant calls for higher depreciation charges. The boom is ended because profit prospects are reduced as it proceeds. First, the expansion of plant or the rebuilding of inventory stock reaches a stage where the capacity or stock desired by businessmen has been largely attained so that capacity or stock building peters out. Secondly, the rise in costs means a decline in the rate of profit. It is sufficient for a few important firms to stop expansion for either reason and the effect spreads through the economy. Once the boom bursts, a recession starts.

In the recession, orders are cancelled, stocks of raw materials and inventory are allowed to fall, wages are held up, and retrenchment of workers takes place.

The commodity price increases and the rise in profits during the expansion phase of the cycle registers, in fact, a redistribution of purchasing power in favour of businessmen in general who will later not invest the funds for fear of business losses. It is not shortage of money during the boom that causes investment to stagger, bringing about the depression as some economists used to think. Evidence shows that since World-War II investible funds have been plentiful all the time and the rate of interest has been low, yet depressions take place.

Investment is arrested not because of shortage of investible funds but because of the narrowing of profit expectations due to rising costs and the termination of orders when the levels of stock and plant estimated as adequate during the expansion have been built.

The capitalist economy contains many paradoxes. One of them is that in order to barely sustain full employment of available labour and productive capacity, investment must keep on growing. Once new investment stops, this means a curtailment of orders for the output of producer goods industries, and a decline in profit expectations. Again, prosperity raises costs and thus lowers profit expectations. Thus the boom inexorably produces the next depression.

Business cycles, however, are not of the same severity. The explanation of differences in the scale and duration of depressions is complex. However, it can be said that the length of a boom or the severity of a depression depends on whether it is inventory rebuilding or plant and residential construction that predominates in the expansion phase of the cycle. If the expansion or the contraction is largely a matter of inventory adjustment, the depression is likely to be mild and relatively short-lived.

We can measure the mildness or severity of a depression in terms of the volume of unemployment and/or the average duration of unemployment per unemployed worker.

PROPAGATED AND CLIENT DEPRESSION

World depressions are caused by investment variations by capitalist firms in the three centres of workd capitalism, namely, the United States of America, Western Europe and Japan. The more ramified the business links between an industrial capitalist country and other countries, or the greater the share of a capitalist country in world trade, the greater will be the effects of its own cycles on other capitalistic economies.

Today the United States of America has the largest share of world trade among capitalist countries. She also has the most ramified business connections with the rest of the capitalist world. Consequently, the capitalist world today is most susceptible to cyclical and other crises originating from the economy of the United States.

The present depression actually originated from the U.S. economy around 1970. It began to involve the European economies seriously in 1975–76. It started to affect the Japanese and the underdeveloped economies seriously in 1980. It is thus a prolonged decline comparable to the situation in the early 1930s. It is not an inventory-dominant type of depression for which beggar-my-neighbour policies, such as devaluation, can be even a seemingly credible policy response.

However, a very small group of countries, namely, the United States, Britain, France, West Germany and Japan, are the ones that can really generate world-wide depressions. Among countries linked with them are the so-called underdeveloped ones. These countries have foreign oriented economies in the sense that export earnings are crucial to their stability and development and that their modern sector depends on imports for its sustenance. At the same time they have no industrial base of their own, being industrially dependent on metropolitan capitalist countries.

Consequently, depressions, from the centres of world capitalism have particularly severe repercussions on them. Since these countries do not generate world depressions themselves, the depressions that hit them most severely are those they inherit as clients. We may refer to such transferred depressions as 'client depressions'.

What is hitting Nigeria is a client depression.

PETROLEUM AND THE DEPRESSION

As we have seen, it is claimed by many simply that the depression in Nigeria is caused by the fall in the country's mineral revenue due to the decline in both the price of and the demand for petroleum. On the surface, this assertion looks true.

However, once the centres of world capitalism are depressed, the economies of their clients will necessarily be depressed because of the industrial and commercial links. After all, the economies of countries such as Nigeria are operated by transnational monopolies owned in the centres of world capitalism. The client country affected need not be a petroleum exporting country. Other countries have been greatly affected by the depression whether or not they are oil exporters. The Nigerian economy would still have been depressed if she had not been a mineral oil exporter. This is evident from the decline in the country's non-oil export revenue as shown by the data in Table 1.

Table 1: Decline in Nigeria's export earnings*

₦ million

	1980	1981	1982
Exports (f.o.b.)	7,147.7	6,127.1	4,013.0
Oil Sector	6,941.6	6,052.7	3,957.2
Non-oil Sector	0,201.1	0,074.4	0,055.8

Note: * *The figures are provisional*

Source: *Central Bank of Nigeria,* Developments in the Nigerian Economy during the First Half of 1982.

This table shows that while oil sector revenue fell from ₦ 6,941.6 million in 1980 to ₦ 3,957.2 in 1982, a fall of 43 per cent, correspondingly, non-oil sector revenue fall from ₦ 201.1 million to ₦ 55.8 million, a decline of 55 per cent. Apart from the fact that mineral oil gives the Nigerian economy a 30-fold to 90-fold export-income leverage, there is the significant fact that petroleum income declined less than non-petroleum income.

In Nigeria the fall in mineral oil revenue means two things essentially. First the government cannot realise as much from petroleum taxes as before. Therefore government programmes have to be restricted. Secondly, the country cannot earn as much foreign exchange through petroleum sales as before. Therefore she cannot pay for machinery, raw material, food and other imports on the former scale. In fact, she has run into a balance of payments problem, has had to import on credit, and has resorted to borrowing from foreign banks the foreign exchange to settle her bills.

The inability to import raw materials on the former scale is particularly important, because this means that her own factories, which depend heavily on raw material imports, have to cease or cut down production, and that workers have to be retrenched. Goods become scarce and this increases inflation.

As far as many Nigerian economists see it, this is the essence of the crisis.

As a matter of fact, however, far from being the villain, mineral oil is still the savieur of the country, as the leverage which she provides for her development demonstrates.

THE STRUCTURAL DEFFICIENCY CASE

Let us now take up the claim that the country's economy is suffering because she is structurally defficient and that what she needs to escape from depressions is restructuring. As we have seen by 'structural defects', the advocates of this view may mean that the economy is not sufficiently diversified or they may mean that it is too dependent on industrial centres abroad.

By 'diversification' is meant that the economy is dominated by one export good, namely, petroleum; that it does not have the right kinds of industries, that it is too tied to traditional customers.

The diversification case falls flat, however diversification is defined. The weakness of the case can be seen easily when it is realised that the most diversified capitalist economies are those from which the depression has emanated in the first place. The depression has also affected every capitalistic economy no matter the degree of diversification.

Those who speak and write about 'too much reliance on petroleum' suffer from another version of the petroleum fallacy. Petroleum revenue was to Nigeria a windfall. No one designed the high petroleum revenue as an act of policy. Nigerian resources were not diverted on any large scale to petroleum. The fact that 90 per cent of the country's export revenue is from petroleum is simply fortuitous. Petroleum provided a powerful means of diversifying the economy rather than diverted capital, labour and land from other production. Very little of Nigeria's own resources is invested in the petroleum industry.

It is misleading to give the impression that efforts have not been made to diversify the Nigerian economy since independence. To claim that 'enough has not been done' in the direction of diversification, as is often done, is question-begging. What is 'enough' and what is not is a matter of opinion. Given the strategy of raw-material export-led development plus import-substitution, which was accepted without question by all orthodox Nigerian and foreign economists for Nigeria, it is not easy to fancy which industry should have been established which has not been. At any rate various industrial branches have come into existence between 1960 and 1983. Diversification is not a new discovery which would have saved the country from depression had it been thought of by some brilliant policy-maker. It has been the inspiration and the practice of Nigerian development since the late 1950s. The whole of the pioneer industry scheme, the heavy investment in the infrastructure, and the various policies for attracting foreign investment were aimed directly at diversification and have yielded what fruits they could yield.

If anything went wrong in terms of the diversification of the economy's activity branch structure, it was the strategy of export-led and import – substitution growth itself that was questionable. As Latin American experience should have taught, this strategy was bound only to lead to a new form of dependence on metropolitan capitalist economics with various attendant deleterious consequences. Those who talk most about diversification are themselves incapable of putting forward any strategy that should have done better by way of diversification than what has been achieved.

The diversification of trading partners has also been pursued up to a point, as our record of trade with countries other than Great Britain shows. The data show that by 1981, Nigeria was exporting to several African countries, to China, Hong Kong, India, Japan and other countries in Asia, to Canada, the United States and other countries in America, to Hungary, Yugoslavia, Czechoslovakia, Poland, the USSR and other countries in Eastern Europe, and to all West European Countries. This is a far cry from the situation up to 1960.

If the diversification of foreign trade customers is put forward as a preventive measure with regard to depression, it is mere careless talk, because no country has more diversified customers than the United States, Britain, France and Japan whose economies are seriously depressed. There are 12 million unemployed in the United States, 3 million in Britain and so on. If customer-diversification is advanced as a curative treatment for propagated depression, it is equally thoughtless because in a world depression the customers of a depressed country will themselves be depressed.

Indeed one constant feature of capitalist depressions is the impulsive resort to beggar-my-neighbour policies by capitalist states, each in a scramble to save itself from sinking by clutching at its neighbour. The result has always been that they sink together in a storm that must submerge each and all, no matter the fuss to stay above the billows.

The other meaning of 'structural defect' has to do with dependence. The dependency of the Nigerian economy has become a scape-goat for many Nigerian economists to flog on any issue. Suffice it to make three observations. First, the economy of the United States is not dependent on any other. Yet the depression starts from there. Secondly, there are many degrees of dependence, independence and interdependence among capitalist countries and their Third World satellites. Yet the depression severely affects all the capitalistic economies. Thirdly, it may be asked what the price of economic independence is for a Third World country and whether those who like to imagine the Nigerian economy in a condition of independence know or would care for, if they knew, the measures necessary for arriving there. Freedom is never given to anyone on a platter of gold-economic freedom least of all.

EXPLANATIONS OF THE WORLD CAPITALIST CRISIS

As we hinted at the beginning, apart from the efforts made by Nigerian economists to explain the depression as it affects Nigeria, economists abroad have come forward with various explanations of the current world depression itself. We shall merely refer to these to round off our discussion.

Everyone agrees that the depression is not simply a phase of an inventory cycle, but this is where agreement ends.

Some claim that the crisis is caused by the price raising policy of the OPEC (Organisation of Petroleum Exporting Countries) cartel which has jacked up costs in leading capitalist countries thus causing a fall in profit expectations, leading to a prolonged depression. Others who complain of the price policy of OPEC claim it has led to insoluble balance of payments prolems which, in turn, have led to the collapse of the Bretton Woods arrangement for preventing sinking economies from dragging others down the pit.

Some have claimed that the entry of Third World manufactures into the world market has narrowed the market and diminished the profit expectations of some industries in the advanced capitalist world. The result is a diminution of investment in leading industrial centres. According to this view, what we are witnessing is a long process of re-adjustment of prices and restructuring of the industrial pattern in the world.

Keynesians, as was to be excepected, claim that the present deep depression has been brought about or been allowed to continue and deteriorate by the so-called supply-side economic policies of people like Ronald REAGAN and Margaret THATCHER. The REAGAN-THATCHER sort see the national economic imperatives to be the need to bring down the inflation rate, help firms cut down rising costs due to high fuel prices and wage increases, and save markets for exporters caught in the stiff competition that has erupted between the United States, Western Europe and Japan as a result of the revival of West European and Japanese industrial strength. To accomplish this, production firms must be encouraged to expand cheaply. Consequently, government must reduce taxes on businessmen and spend less, and wage increases must be discouraged.

As in the 1930s the effect of such policies far from leading to expansion bring about a contraction or a worsening of contraction. One must remember, however, that the 'supply-side' policy of the REAGAN-THATCHER sort is a desparate attempt to escape from the dilemma of post-Second-World-War Keynesian policies which led to a persistent inflation without curing the capitalist system of depressions as Keynesians expected.

The well-known economist, Joseph SCHUMPETER, had an explanation for business cycles according to which prosperity is caused by a general herd-like adoption by capitalist entrepreneurs of a certain innovation that has proved profitable. Once every competitor has installed the new technology, the spurt of investment ends and a depression starts. In a kindred explanation, Marxian economists link the present depression with the long boom after the Second-World-War which, in Schumpeterian terms, was caused by the third scientific and technological revolution. This is the revolution characterised by the age of plastics, space research, and electronic equipment. The facilities made possible by these revolutions can continuously be fully used if and only if the aim is simply to produce goods for man and not to make profits for private capitalists.

To a famous Russian economist, waves in capitalist activity consist of fifty-year cycles in addition to the normal short-term cycles. The period 1875–1895 was one of a great depression. From then to 1930 is about fifty years. The period from 1930, when another great depression occured, to 1980, when the current depression became an intensive worldwide event, is another fifty years. It is tempting to conclude that the present depression is a phase of the Kondratieff cycle.

If we adopted a Schumpeterian-Kondratieff view, the boom generated by the second industrial revolution ended with the great depression of the late nineteenth century; the boom occasioned by imperialist expansion ended with the depression of 1929–33; the boom associated with the Third Industrial Revolution has ended with the current depression.

There are people who believe that the end of capitalism will come in one great, prolonged cataclism, from which capitalism will be unable to survive. These writers imagine, mistakenly in my opinion, that Karl MARX held the same view. Those who think so claim that the current crisis signals the long-awaited catastrophic doom of the capitalist economy.

Whatever a detailed study of the crisis may later reveal, the essential point to hold for the explanation of capitalist depressions is that they are characteristic of the capitalist economy only and are caused by variations in capital stock building and expansion and innovations in plant. Whatever causes these variations is the cause of depressions.

THE PROFIT MOTIVE

Whatever the specific circumstances of any capitalist depression, the fact that cyclical depressions are characteristic of capitalist economies and of no other economies is important. Ultimately depressions cannot be explained without reference to two facts.

First, capitalist investment is anarchic because it is not disciplined by any social plan which ensures that at any time investment will be at the optional level as well as of the composition needed for a stable growth without inflation and without the greedy herd behaviour resulting in the alternation of booms and depressions.

Secondly, capitalist investment is *profit-governed* rather than need-governed. It is important to realise that when factories stand idle, workers are retrenched in thousands or millions, and enormous profits are herded rather than invested, it is not because society has no more need for the services of these resources. The resources are left unused, in spite of social need, simply because some capitalists will not realise from their use a rate of profit they consider 'a good risk'. Under capitalism, every investment is a 'risk' because the aim is not to produce the needs of society but to compete with others for the realisation of a general rate of profit that has come to rule. Any firm that does not realise this rate of profit or a higher one is said not to be doing well, no matter what services it is rendering to society.

Depression has never taken place in the Soviet Union since the socialist planned economy started there in earnest in 1923. In fact, whilst in the period 1929–1933 the capitalist world economy was passing through one of its great depressions, the young socialist economy in the Soviet Union was experiencing a phenomena growth, demonstrating what was a veritable miracle, namely, that a modern economy can operate without depressions.

This so-called 'Soviet-miracle' which has been repeated in other socialist countries, and has continued to this day, rests on a simple truth. A capitalist depression does not take place because there are no funds to invest or equipment to use. On the contrary, the fact that full employment is possible means that capacity and funds exist for this and that during a depression a lot of funds and other resources which should have been invested lie unused because of the fear of not realising profits. In the socialist system, since investment is not for profits but is simply for the production of social needs, investment cannot be arrested while resources are unused.

In a socialist economy, enterprises invest strictly according to a social plan and not wildly according to their own profit-dominated whims. Whatever autonomy they possess is restricted by the requirements of the investment, financial, labour use, and technological innovation plans which are obligatory.

With such a set-up, depressions are simply impossible. On the other hand given the facts of capitalist entrepreneurial autonomy and the primacy of the capitalist profit motive, depressions are simply a recurrent inevitability.

NIGERIA'S ECONOMIC CRISIS: STRUCTURAL ORIGINS, SOCIAL FOUNDATIONS, AND POLICY OPTIONS

By

*A. W. OBI**

INTRODUCTION

By March 1982 Nigeria's reserves of foreign exchange could barely cover one month's import bill, which was then about ₦1.2 billion. Government expenditures were running at double the revenues, derived overwhelmingly from crude petroleum taxes and royalties, and estimated at N8.9 billion for that year. At the reference price of 35.5 United States dollars then being maintained for the country's crude oil, the major companies with contracts to purchase her crudes had stopped lifting their full quotas, preferring instead to pay the agreed penalties. As a consequence actual export earnings for that month stood at ₦0.74 billion, in an almost steady decline from a monthly average of over ₦1.5 billion in 1980. On the other hand, firm foreign commitments for the importation of food, industrial raw materials and spare parts amounted to ₦4.9 billion, of which 52% would have to be paid within the next three months (African Research Bulletin 1982, P. 6414).

On April 19, the President of the Republic asked for and received from the National Assembly full emergency powers – the Economic Stabilization (Temporary Provisions) Act 1982 –– to impose a set of stringent economic controls, mainly in the form of import restrictions and prohibitions on a wide range of goods and services, cuts in domestic spending, and a reduction in the indirect subsidy on refined petroleum. By June 1983, on the eve of the nationwide general elections, the country was locked in negotiations with a group of Western banks for the rescheduling of her outstanding trade bills, estimated variously at between ₦4.0 billion and ₦8.0 billion. The banks would extend no further credits to Nigeria unless she reached agreement with the International Monetary Fund. Since the country had long before then exhausted her automatic borrowing facility with the Fund, any further relief from that body would have to come with the dreaded «conditionalities», invariably including trade liberalization and currency devaluation.

In the meantime, industrial plants throughout the country continued to shut down one after the other in the absence of imported raw materials and spare parts made unavailable by the foreign exchange debacle. At dawn on December 31 1983, three months after the general elections, the civilian government of the Second Republic was ousted by the military who cited the «harsh, intolerable» conditions prevailing in a state of «grave economic predicament and uncertainty». They specifically complained of «inadequate food at reasonable prices», «unacceptable unemployment figures», hospitals without drugs, etc and pointed to widespread «squandermania, corruption, and indiscipline» in the political leadership.

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The foregoing chain of events depicts, in the dimensions of its social and political repercussions, the gravity of the economic crisis Nigeria has been undergoing following the recession in the world oil market commencing in 1981. As is to be expected, the search for solutions, particularly in terms of public policy options, is on everywhere, especially in the mass media. It is clear, however, that this search is not likely to get very far except it is done in the context of some understanding of the fundamental causes of the economic difficulties and of the limits to public policy in the Nigerian setting. Indeed, as the situation deteriorates, a curious and frustrating feature of contemporary life in many currently less developed countries becomes more and more manifest, namely, that there appears to be an inverse relationship between on the one hand the *increasing need* for, and on the other hand, the *decreasing ability* of, public policy to deal with the increasingly chaotic conditions of existence in society.

This paper aims at contributing to the background of understanding necessary for the on-going policy debate. After outlining the structural origins of the economic crisis and the socio-political constrainsts to public policy making, we proceed to indicate the broad policy opticns open for contending with, and moving beyond, the crisis.

STRUCTURAL ORIGINS OF ECONOMIC CRISIS

Most governments today face inherent difficulties of devising appropriate macro-economic policies in an increasing interdependent and unstable world. For the major oil exporting countries, including Nigeria, the difficulties were compounded with the sharp and sudden rise in oil revenues of the early 1970's. But for Nigeria in particular, the added problems were piled on just as the economy was beginning to unwind from the repercussions of the 1967–70 civil war. The war itself, and the political turmoil preceeding it, came before definite policies could crystallize for dealing with an economy in which export agriculture, the erstwhile mainspring of economic growth, was making way structurally for a small but rapidly growing manufacturing sector and an even more expanding petroleum mining industry.

But be all this as it may, it seems hardly disputable that the proximate trigger for the current difficulties was the 1973/74 oil boom engineered by the Organization of Petroleum Exporting Countries in the wake of the Middle East crisis. The quantum jump in oil revenues, while it greatly eased the financial constrainsts on development, brought in its train a host of new and complex problems. In the feverish spate of expenditures embarked upon in the wake of rapidly accumulating foreign exchange reserves, the aim, as later enunciated in the Third National Development Plan (1975–80), was to utilize the resources from petroleum, in the relatively short time they were expected to be available, to transform the rest of the economy and raise the living standards of the people. (FGN 1974, P. 30). However, in executing this seemingly simple strategy, the authorities, whether or not they knew it, were necessarily confronted with tough policy issues and choices, such as the feasible rate of development of the non-soil sectors, the appropriate exchange rate, tolerable rates of inflation, the proper roles of the public and private sectors, acceptable standards of income distribution, etc. (Cf. Morgan 1979, P. 64). Above all, the policy-makers had to decide what to do with export agriculture whose importance as a source of public revenues had drastically declined, but which neither modern manufacturing nor petroleum mining could for the foreseable future be expected to replace as a source of domestic employment.

Judged by the actions actually taken at the time, the response of the authorities to these policy challenges could only be described as reflecting insufficient appreciation of, among other things, two pieces of basic economic logic, namely, that foreign earnings from the sale of a crude product like petroleum represent increased availability of real resources only to the extent that they permit additional imports: and that the existing matrix of human, physical and other capacities impose a definite upper limit to the amount of expenditures an economy can productively absorb during any given period of time. Among these capacities are the extent of the transportation network and of other infrastructures; the size of the construction industry; and the managerial and executive capacities of the private and public sectors, including the attitudes and preferences of entrepreneurs and government agencies, and even be number of people capable of effectively negotiating foreign contracts.

An indication of the extent to which the sharply increased and oil-financed expenditures of the period –– for a vast, though unevenly distributed, network of expressways and «fly-overs», new universities and polytechnics, new state capitals, etc –– attempted to push beyond the absorptive capacity of the economy is obtained by a comparison of the Second (1970–74) and Third Development Plans. Whereas an expenditure programme of ₦3 billion could not be effectively realized at the end of the Second Plan, due to the above types of limiting capacities, a programme of ₦30 billion (later raised to (₦42 billion) was embarked upon for the immediately succeeding Plan. *(1)* The result of this attempt was of course the emergence in short order of severe structural bottlenecks in most sectors of the economy, of which the sensational port congestions were only the most prominent. (By 1976 a «foreign exchange bottleneck» had also appeared by way of a large balance-of-payments deficit on current account). The massive inflationary pressures throughout the economy, and the pervasive waste and corruption were in turn the offspring of these bottlenecks.

Simultaneous with these developments was the intensification of a process of structural transformation of the economy in a direction that was bound to lead sooner or later to the present crisis. Nigeria by the beginning of the civil war still depended largely for her economic growth and development on the export of a fairly well diversified group of primary products, e.g. cocoa, palm products, groundnuts, etc. However, as already noted, there were already clear signs by that time of important structural changes by way of the rapidly growing though small modern manufacturing and petroleum mining sectors. Manufacturing activity had commenced mostly in the middle to late 1950's under the auspices of erstwhile British trading multinationals (UAC, John Holt, etc) who went into local manufacturing to protect established markets from the threat of competition expected to materialize with approaching political independence. The government had, however, provided generous incentives by way of protective tariffs, thus initiating the classic pattern of domestic import-substitution behind a protective wall (Kilby 1966).

Given the poor prospects generally faced by the exports of primary producing countries in world markets, the idea of structural diversification through import-substituting industrialization is a well justified strategy. Nonetheless, the well documented experience of many Third World countries (see e.g. Bruton 1970) shows clearly that in the absence of a conscious efforts to implement a set of supporting policies, the conventional approach to import-substitution is liable to lead to serious difficulties. These policies relate mainly to the specific activities selected for protection and the manner of protection. (Ibid)

There is no evidence of such a set of complementary policies in Nigeria before or since the civil war. Indeed, for the 1970's, in the permissive atmosphere of euphoria occasioned by the outcome of the civil war and the subsequent oil boom, there is evidence on the contrary of excesses in the application of conventional import-substitution policies. The local currency had been deliberately and persistently over-valued since the early seventies in a bid to maximize the foreign currency value of government revenues and minimize the cost of imports, especially of intermediate goods and capital equipment which were taking a rapidly increasing share of total imports. The rising share of producer goods in total imports is of course a reflection of the first stage of the classic pattern of import-substitution which commences with the replacement of consumer goods, whose cost disadvantage vis-a-vis foreign goods is generally assumed to be less than for producer goods. The overvalued exchange rate in effect reinforced the structure of tariffs which initiated the classic pattern in the first place by discriminating against the imports of consumer goods and in favour of those of producer goods.

However, the dilemma with this approach is that in the absence of judiciously selected measures to modify it, the policy of encouraging the domestic manufacture of consumer goods by methods that generally and artificially reduce the price of intermediate and capital goods below real costs produces a number of serious consequences. The first obvious effect is that it encourages, through either the choice of technique or the choice of product, a capital intensive pattern of production with its adverse implications for domestic employment. Another problem is that it discourages the economic production of capital goods domestically. The resulting lack or low level of structural interdependence in the economy has in the case of Nigeria continued to cause great concern to the planners (see FGN 1970, P. 143 and 1981, P. 140).

The overvalued exchange rate and the high propensity to import had during the period in question put such pressure on the balance of payments that the large current accounts surplus of over ₦3.0 billion at the end of 1974 had dropped to ₦0.04 billion a year later, and, as already noted, turned into a deficit of ₦0.26 billion in 1976 (Falegan 1978, P. 7).

To cope with the pressure, a system of quantitative controls, most of which had made their debut during the civil war, was vastly extended, including the highly sensitive import licenses. However, in the face of social and institutional weaknesses like corruption and an over-stretched administrative machinery, the administration of the network of controls was anything but systematic, resulting often in import licenses, for instance, being issued on the basis of the license-getting abilities of the recipients rather than the social utility or economic productivity of the activities involved. As Krueger (1980, P. 291) has hypothesized, the likely result of balance of payments pressure and haphazard controls is that «efforts at 'import-substitution' stop being geared toward development of economic new industries and becomes focussed upon 'foreign exchange saving' often in highly irrational and indiscriminate ways». In Nigeria the local manufacture or assembly with imported raw materials or components of «lace» cloth, tooth-picks, colour television, mosquito coils, bouillon cubes, etc testifies to the singular lack of discrimination in her import-substitution policy.

The upshot of all these excesses in the method of executing the import-substitution strategy is that a structure of production has emerged which consists of inefficient, high-cost and often capital-intensive activities requiring a rising flow of imports to be able to function; and which, because of the dominant share of intermediate and capital goods in total imports, is extremely vulnerable to interruptions in the flow of imports. High import intensity and vulnerability to import fluctuations constitute only one aspect of Nigeria's current structural imbalance. The other aspect, which renders the situation even more dangerous, is that the export-based capacity to import is highly concentrated—over 90% since the mid-seventies—in a single commodity, namely, crude petroleum; a commodity which because of its industrial and strategic importance remains the focus of a great deal of destabilizing international intrigue.

The high concentration resulted mainly from the relative neglect since the early seventies of the export potentials of agriculture and agro-based industries— directly by way of the absence of positive policies of encouragement, and indirectly through the disincentive effects of the type of exchange rate and tariff policies in force at the time. Regarding the import and capital intensive pattern of production, it should be noted that once such a distorted structure has set firmly in place, correcting for the source of the distortion e.g. by currency devaluation or raising the price of capital, will not immediately remove the difficulties. Indeed, such an approach can worsen the problem. For instance, given low price elasticities of export supply and import demand, a devaluation may merely result in increased inflation.

It is also important to note that although the structural imbalance outlined above is obviously at the root of the current economic difficulties, it does not fully explain their magnitude. The attitudes and preferences of the leadership group (civilian or military), the bureaucrats, and public agencies, as reflected in various acts of gross recklessness or corruption have contributed significantly. Notable acts of recklessness during the first military regime include the «cement scandal» of 1974 wherein the authorities ordered for immediate delivery a volume of imported cement estimated at more than twenty times the combined handling capacity of all Nigerian ports; the unprecedented «Udoji» awards in which wage and salary increases of between 30% and 100% were granted in the public sector (inducing corresponding increases in the private sector) with payment of arears of up to nine months; and various international festivals and games organized on a lavish scale.

Given such prodigal propensities, it is little wonder that when the unanticipated oil recession of early 1978 came *(2)*, the authorities were caught completely unprepared, and consequently had to impose what was to be the first oil-induced «austerity» in the Nigerian experience, with across-the-board cuts in domestic expenditures and a broad range of import restrictions. Clearly, if the authorities had earlier spent at a level and in a manner even remotely consistent with the economy's absorptive capacity, such a level of reserves would have existed that the oil recession would hardly have been felt, let alone necessitate the indiscriminate *(3)* and thus harmful emergency measures that had to be resorted to, or the recourse for the first time to international money markets for a «jumbo» loan of one billion US dollars.

As for the period of the Second Republic, the greatest act of recklessness can be said to consist in the disastrous failure of the civilians who took over from the military in October 1979 to draw the appropriate lessons from the 1978 episode. For by the first quarter of 1979, oil prices had commenced another steep rise, with the international «spot» price eventually reaching 40 US dollars per barrel, and leading to the accumulation of foreign exchange reserves of over ₦ 3.0 billion by the end of the year. However, no sooner did the new administration (both the executive and legislative arms) settle down to business than they embarked upon a spending spree that beat most previous records, dismantling in the process virtually all of the import barriers erected by the military, and introducing new and more frivolous forms of profligacy, epitomized by endless junketings by various legislative committees and the purchase of private jet planes. The result was that the monthly import bill rose from ₦ 0.52 billion in September 1979 to an unprecendented ₦ 1.2 billion by January 1982, while foreign exchange reserves tumbled from ₦ 5.6 billion in December 1980 to ₦ 2.5 billion a year later, falling below one billion naira by April 1982 (CBN, various issues).

At the time of the wanton import liberalizations in 1980, it was generally known that the international spot market for oil had already started to collapse; and it should in any case have been clear that the 1979/80 oil boom was a transient phenomenon rooted in the Iranian crisis, and the deliberate policy of strategic stock-piling of oil by the countries of the Organization for Economic Cooperation and Development whose real intentions for OPEC were hardly secret. And even though the downward trend in oil revenus had continued all through 1981, the orgy of reckless spending never abated, and it was not until April 1982, as earlier stated, when available reserves could barely cover one month's imports that the authorities, in utter panic, commenced, as in 1978, the flurry of emergency measures that inaugurated the second «austerity» regimen within a period of four years. It is such acts of monumental excess – including of course inflated contracts, «kick-backs», import-licence racketeering, etc – that more fully explain the enormity of the present economic crisis. The structural imbalance in the economy merely set the stage for it.

Since men seldom act in a vacuum, but always in response to the necessities of the situation in which they find themselves, it will now be necessary to consider, however briefly, the social realities that condition the behaviour of Nigeria's leardership. But before doing so, it is important to note another type of structural change which has occured in Nigeria since 1970. This is the rapid increase in the relative size of the public sector, including the increasing use of public enterprises (i.e. statutory corporations and government controlled limited liability companies) as a tool of state intervention in the development process. This development occured in furtherance of the stated determination of the authorities to seize control of the «commanding heights» of the economy in the «quest for purposeful development», and to no longer limit government investment activities to «public corporations and 'dying industries' in which no private company can survive, whilst leaving the virile, expensive and profitable industries to private enterprise» (FGN 1970, p. 289). A quantitative indication of the resultant change is that the public sector's share of the Gross Domestic Product, which had averaged at about 9 % between 1962 and 1965, rose to 39% in 1974 and 55% in 1979 *(4)*. The relevance of this development to the issue under discussion will become more apparent in the context of the next section.

SOCIAL FOUNDATIONS OF ECONOMIC CRISIS

In underdeveloped countries, the state plays, or is generally expected to play a critical role in determining the economic fortunes of the country. In the case of Nigeria, we have indeed seen that the present economic crisis arose in large part from policy errors of omission and commission, as well as various acts of social and political excess, all of which are attributable directly or indirectly to those who controlled the state apparatus during the period in question. Consequently, we see the social foundations of economic crisis as consisting essentially of those characteristics of society which tend to determine the behaviour of the leadership group and set the limits to the efficacy of public policy.

For Nigeria, the obvious starting point for any analysis of the social determinants of political behaviour is the nature of her pluralistic society. The fact that the country is highly heterogenous – in terms of ethnic origin, religion, language, income class, etc.., and the fact that these differences produce social tensions and political conflict, are not particularly important in themselves, as these are common to most pluralistic societies. What is more significant, from the standpoint of political sociology, is that political conflict in the country tends to have a large primordial component to it (EKEH 1971), and is engaged in by participants who by and large appear to share no consensus of values regarding the «rules of the game», the proper range of policy decisions, the legitimate arbiter of disagreements, etc.. (Cf. ROTHSTEIN 1976), and who as a consequence tend to promote particular rather than general interests (O'CONNELL 1966).

Edward SHILS' (1957) distinction between «primordial ties» and «civil ties», which Peter EKEH (1971, 1975) brilliantly uses to analyse contemporary African politics, is particularly useful in understanding the conduct of public affairs in a country like Nigeria.

EKEH argues that unlike the Western conception of a monolithic public realm sharing the same moral foundation as the private realm, there has developed in contemporary Africa, as a result of the colonial experience, two distinct realms of public consciousness with different moral linkages to the private realm. There is on the one hand the «primordial public» operating on the same moral imperatives as the private realm. Based on primordial groupings, ties, and sentiments, it is the source of the individual's sense of identity and psychological security and the object of his material and other types of support. There is on the other hand an amoral «civic public» based on civil structures: the police, the civil service, the military, etc.. which is historically associated with the colonial administration and which has come to be identified with popular politics in post-colonial Africa. While the individual has developed a keen sense of his rights and benefits from this public, a corresponding sense of duties and obligations to it is lacking. Indeed, the individual may feel perfectly morally justified in taking from the civic public in order to support the primordial public.

What this means in plain language is that an otherwise perfectly honest individual who would not think of stealing one naira of his communal property would feel no qualms whatsoever in embezzling two million naira from the national treasury. The implication of this for national economic development in general is quite sobering in a situation in which, as a hedge against the hazards of rapid social change, political actors feel compelled «to build up financial wealth with which to regulate and render predictable the actions of those with whom they have to deal» (O'CONNELL 1966, p. 136). For public enterprises and like organisations in particular, the implications are equally obvious and disturbing. Given a situation in which political office holders do not generally evince a high degree of aversion to corruption, and in which institutions imposing legal and «competitive» constraints on corrupt activities are weak (CF. JOHNSON 1975), these organizations could very well become no more than convenient avenues – via fraudulent over-capitalization, inflated contracts, etc – through which political actors, in coalition with bureaucrats and their private sector agents, seek to maximize the «corruption revenue» extractable from national income.

Claude AKE (1981, p. 39) makes a similar point when he argues that the continuing efforts of African governments to extend public control over the means of production and the economy in general, ostensibly as a strategy of economic indigenization and decolonization, have thus far done «little or nothing to further economic independence». Instead they have merely served to depersonalize elite exploitation of the masses: «The surplus is not extracted directly by capitalists but by the state in the name of the people, and is subsequently appropriated by the ruling class».

There are also grave implications for economic public policy making of a polity characterized by major social divisions and with a fragmented public consciousness. There is first of all the all-too-familiar tendency of those who control the various arms and institutions of government to see these as perfectly legitimate instruments for diverting collectively owned resources to preferred sectional (primordial) groups *(5)*. More generally, there is the danger that all public rhetoric to the contrary notwithstanding, economic growth and development may become a low priority concern of a government that may have become obsessed with the maintenance of its own authority and of social peace. Indeed growth and development objectives are liable to be pursued in these circumstances only to the extent that they further these other goals (Cf. KILLICK 1976, p. 176). Furthermore, the need to constantly play one group off against another may force the government to adopt sequentially or simultaneously contradictory policies, while the uncertainties created by all these, by an inadequate knowledge of the workings of the economy, and by an unstable international environment, may induce an exceedingly short time horizon in planning, with a consequent bias towards consumptionist policies.

For public enterprises, officially set up to advance the overall economic growth and development of the country, all this may lead to arbitrary and wildly irrational location of industrial plants, gross over-staffing, the routine appointment of unsuitable individuals to management boards, etc...; abuses which have been periodically documented on a large scale in Nigeria by various commission of enquiry, and which could not but have contributed to the present difficulties.

POLICY OPTIONS

Having outlined the nature of the structural origins and social foundations of Nigeria's current economic predicament, we may now consider various alternative approaches for dealing with the crisis. We shall be concerned here only with broad policy issues with implications for the future direction of movement of the country. Without such a broad framework of analysis, much of the type of issues debated in the popular press – e.g. whether and how far the naira should be devalued, whether or not Nigeria should accept the IMF loan, or should remain in OPEC, etc – becomes largely meaningless. For all too often, people may advocate a particular line of economic action, the logical social and political implications of which they would reject. Or in the alternative, a particular economic policy might be urged which is bound to fail, given the existing social and political realities; one then turns around to blame the lack of patriotism of the citizenry or the dearth of honest leadership.

In strictly economic terms, Nigeria's current situation, which is not unlike that of some other less developed countries, may be characterized as one in which aggregate demand greatly exceeds supply, with a consequent deterioration in the balance of payments. However, because of the type of structural rigidities and supply bottlenecks discussed earlier, the excess demand does not necessarily elicit increased supply to satisfy it. On the contrary, given the ultra import bias in the production structure, the foreign exchange squeeze from the deteriorating balance-of-payments means a reduction in the flow of vital imported inputs, leading to increased unemployment of domestic resources, reduced output, and hence, in the face of the excess demand, to increased inflation.

In principle, the task for short-run stabilization policy is to either reduce demand to the level of supply, increase supply to meet demand, or adopt a combination of both, with a view to eliminating the domestic inflation and improving the balance of payments. However, there is in reality no painless way of doing this. By definition, supply capacity can hardly be altered in the short-run. On the other hand, demand restraint – which is the intent of the typical «austerity» package, is by itself not likely to be of much immediate help. Given the virtual lack of substitutability between export goods, import goods, and non-traded goods, a reduction in demand would not necessarily result in a release of exportable goods with which to improve the external balance. Such improvement would require a deliberate withdrawal of resources from the non-traded goods sector redeployment in export or import-substituting activities, thereby entailing a transitional loss of output and employment (Cf. CROCKETT 1981, p. 59). On the other hand, to the extent that demand restraint improves the balance of payments through a reduction in imports, this, for reasons already stated, would also be at the cost of reduced output and employment.

It is clear then that for any country that has managed to get itself into the position in which Nigeria is now, there must be an adjustment to achieve a balance between aggregate real supply and demand; and there are no easy ways of doing so. It is, however, possible to define three distinct options, each of which has implications for the direction of future development of the economy, and based on the degree of self-reliance sought, and on assumptions about the ability of the political leadership to impose, and of the society to absorb, the attendant costs of adjustment. At opposite ends are the revolutionary and liberal options respectively, and in between is what we might refer to as the moderately radical option.

THE REVOLUTIONARY OPTION

This approch would seek to deal simultaneously with both the problem of external dependence on imported inputs and of the low capacity of the domestic economy to transform its own savings into capital goods. This means in effect attempting to build, largely through a learning-by-doing process and with little reliance on foreign inputs, a sufficiently large capital goods sector over a relatively short period. The popularly held belief about Soviet industrialization in the 1930's conforms to this strategy which, strictly speaking, is the only approach that can be described as «development through self-reliance» (OBI, 1978, p. 7).

In this approach foreign exchange largely becomes irrelevant as a constraint on development, which becomes mainly a question of the ability to extract from the populace whatever amount of savings is required for transformation, through a trial and error method, into the needed volume of capital goods. Clearly the costs that would be entailed by such autarkic path to development would be such as to require nothing less than a Stalin or a Hitler or a Mao Tse Tung to get the populace to absorb it. Whether such revolutionary leadership is a historical likelihood in the foreseable future for Nigeria is open to question.

THE LIBERAL OPTION

This approach would seek to deal with the supply/demand imbalance mainly through increased capital inflow and with minimal internal adjustments. This implicitly is the position of those who see the solution to the current difficulties either in Nigeria pulling out of OPEC, in the expectation of the increased oil revenues resulting from her consequently greater discretionary control over the price and quantity of her petroleum output, or in the country receiving the IMF loan without the conditional requirement for painful adjustments..

The main problem with this option is that it seeks to indefinitely postpone the evil day of necessary adjustments through expectations that are largely illusory. There are no precedents for expecting to receive the kind of balance of payments assistance Nigeria is asking for without the «conditionalities». As for the possibilities of increased oil earnings from leaving OPEC, the prospects rest on the unrealistic assumptions of an unduly large price and income elasticity of demand for Nigeria's crude; that other OPEC members will not respond to a «price war» started by Nigeria; and «that Nigeria outside OPEC can succeed in becoming a price setter rather than a price taker which she is inside OPEC» (Nwankwo 1982, P.8). Moreover, the general outlook is that the current slump in the world demand for oil may be more than temporary (Ibid, P.9).

THE MODERATELY RADICAL OPTION

While not going so far as to seek near total autarky, this option would entail a decision not only to live within the current level of foreign exchange earnings, including the gradual liquidation of outstanding foreign debts, but also to commence the accumulation of a reasonable margin of reserves from it, as a protection against future fluctuations in earnings. Recognizing the inevitability of painful adjustments in the current circumstances, this option might also entail a decision to forego the IMF loan, in order to retain the initiative in choosing the way and manner of such adjustments, rather than accepting the loan along with patently absurd conditions such as a «shock treatment» type of devaluation and complete import liberalization in the face of huge balance of payments deficits on current account.

No one should however, be under any illusions about the implications of this option. Given the excessively high import intensity of the existing structure of the economy and the prodigal tastes that especially the elite groups have come to acquire, a substantially reduced level of foreign capital inflow, which this option would imply, can only result in an intensification of the present hardships. The added sacrifice would, however, be an acceptable temporary price to pay in the course of moving to eliminate the accumulated distortions in the economy – through, for instance, the *gradual* devaluation of the naira to a realistic level, the evolution of a sound education system, the adoption of a realistic policy on public enterprises (See OBI 1983), etc...

We believe that a trully dedicated and imaginative leadership that is willing to mount a genuine and sustained attack on the prevailing culture of privilege can so fire the imagination of the general citizenry as to get them to enthusiastically accept the added sacrifice. It is possible, for instance, to devise a set of enforceable «social engineering» policies that would make it impossible, say, for a salary earner in a poor country like Nigeria to aspire to own a Mercedes Benz saloon, or for a businessman living in an opulently furnished mansion worth over ₦ 250,000 and who goes on an annual summer vacation to Europe, to get away with an annual income tax of ₦ 5,000.

CONCLUSIONS

Nigeria has been undergoing severe economic, social, and political dislocation following the slump in the world oil market that commenced in 1981. The economy was rendered highly vulnerable to such externally induced instability partly by structural distortions that have been accumulating since the early 1970's, and partly by various acts of gross recklessness on the part of the leadership group, which reckless acts can substantially be ascribed to the peculiar nature of the country's pluralistic society. There are no easy options open to Nigeria in meeting the challenges of the present crisis. We believe, however, that even though public policy in the prevailing social and political circumstances must of necessity respond to and seek to adjudicate between competing group pressures, it is possible for a genuinely dedicated leadership to implement a radical but realistic set of policies in the inevitable task of structural readjustment of the economy.

FOOTNOTES

1. The drop in petroleum earnings from projected levels beginning in 1975 caused a scaling down of this new level. However, even if the reduced nominal expenditure level amounts to a projected effective programme of only about ₦ 25 billion (See Adeniyi 1978, p. 15) this would still be a stupendous leap from the Second Plan figure.
2. Resulting in a sharp drop in external reserves from ₦ 3.09 billion in December, 1977 to ₦ 1.64 billion in June, 1978 (See CBN 1980, p. 81).
3. For example, most Nigerian universities did not receive any foreign journals in 1978.
4. The corresponding figures in respect of total investment are 40%, 62%, and 66% respectively. See Presidential Commission (1981, pp. 58–59).
5. Instances, are the example cited in O'Connell (1966, p. 137) regarding the siting of three federal secondary schools during the First Republic; and, in more recent times, the economically arbitrary yet highly politically discriminatory manner in which strategic industries – steel mills, petrochemicals, etc... are being allocated.

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THE DEEPENING ECONOMIC CRISIS AND ITS POLITICAL IMPLICATIONS

By

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THE CRISIS OF NIGERIA'S POLITICAL ECONOMY

The current crisis of Nigeria's political economy, which was officially acknowledged in 1982, has become very severe and problematic, defying the diagnosis and most of the solutions contained in the government's austerity package of April 1982. It has threatened not only the standards of living of most Nigerians by way of non-payment of salaries, loss of jobs, high levels of inflation and the non-availability of some basic services and commodities, but also their political liberty and democratic rights.

This crisis ought to be located at the structure of the economy in order to be able to understand its character, general tendency towards recurrence and the class-logic of the specific policies which have been implemented to contain it. The various structural contradictions of the world capitalist economy have been woven into the fabric of the Nigerian economy through the operations of the transnational corporations, the local business companies, international banks and the *Nigerian state* itself which has become a powerful agency for the capitalist penetration of the economy. The various activities of these business agencies transmit, and sometimes generate, within the Nigerian economy, the contradictions and crises of the global economy.

Capitalist production, the highest form of commodity production, contains within it the possibilities for over/underproduction which essentially stem from the difficulties of reconciling social production with consumption; because of the existence of market relations which are established to satisfy production for profit as opposed to needs, structural crises of over/under production arise *(1)*. Capitalist production, by subjecting mercantile activities and pre-existing semi-autonomous producers to the dictates of industrial accumulation further generates crises which are rooted in the system of production itself – the tendency for the rate of profit to fall *(2)*; the latter acts upon the other forms of crises, and produces a *general crisis* of world capitalism on a cyclical basis.

Crises of over/under production were, of course, already present in many parts of pre-colonial Nigeria where the system of simple commodity production had reached a fairly advanced state, with the emergence of a local merchant class and some form of guild system of production – the forerunner to industrial capitalism *(3)*. It was, however, colonial capitalism that integrated Nigeria into the general crisis of capitalist development as more extensive market relations were established after the destruction of the pre-existing relatively autonomous political economies and their penetration by European companies like UAC, John HOLT, SCOA, and CFAO

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to produce and export cocoa, groundnuts, cotton and later tin to the expanding industries of Europe. These companies also acted as the pioneers of Euro-American capitalism in Nigeria by enabling industrial companies which were facing profit realisation problems to export their commodities to Nigeria *(4)*.

The effect of this imperialist onslaught and domination of the Nigerian economy was to subject the colonial economy to the dictates of the general world-wide capitalist system of development and crises ; the economy lost its autonomous capacity to generate its own internal structural dynamic. But the degree of foreign exchange crisis in the colonial economy was different from the one currently experienced. This is because the expansion of the domestic money supply was tied up with the ability of the Nigerian economy to earn foreign exchange. This was done through the West African Currency Board (the monetary authority of the Nigerian economy) whose currency, the West African pound, was not only tied to the British pound on a one-to-one basis, but had also an automatic convertibility relationship with the British pound. Thus the expansion of the money supply and economic activity in the Nigerian economy depended upon the export performance of the economy (whose prices were controlled by the European trading and industrial companies) and the extent of foreign investments and development finance (mainly through the Colonial Development Fund) received from the British government. Since colonial capitalism was not interested in developing the productive forces in Nigeria but in providing primary commodities and a market for the goods of British and European companies, the colonial state and local European companies were quite comfortable with these ultra-conservative monetary arrangements. Their investments and commercial activities were adequately protected by the backing of the British pound sterling as they could transfer money to and from Nigeria without fear of a depreciation in the rate of exchange *(5)*. This mechanical and externally-oriented monetary system was supported by conservative budgetary policies which always aimed at a surplus.

The devastating global economic crisis of 1929 exposed the fragility of the Nigerian economy and the debilitating effects of its total dependence on foreign trading financial and manufacturing companies. The prices of Nigeria's principal commodities collapsed rapidly thus affecting the fortunes of some of the colonial trading companies, the incomes of the Nigerian farmers and middlemen and the social expenditure of the state. Farmers were forced to increase production to meet the State's pre-crisis level of income for the purchase of highly priced manufactured commodities *(6)*.

The tight budgetary policies and conservative monetary policies were partially liberalised in the 1950s as nationalists joined the colonial officials in administering the state; the former advocated for an expansion of public expenditure and a revision of the monetary system to provide for a fiduciary element in the currency *(7)*. This attack on the colonial budgetary and monetary system coincided with the reallignment of class forces, specifically the emergence of import-substitution industrialisation, supported by the creation of the Marketing Boards, which transformed some of the trading companies into semi-manufacturing companies (UAC, John HOLT, PZ), encouraged new foreign industrial companies to penetrate the economy and facilitated the emergence of African and levantine small-scall manufacturers and financiers from the small band of the petit-bourgeoisie that was tied with the production and marketing of the agricultural commodities *(8)*. These developments took place against the backdrop of the changing character of global capitalism with its movement from the restrictive, colonialist and regionalist currency and trade blocs to a multilateral system of production, commerce, finance and monetary cooperation under U.S. hegemony *(9)*.

The relative freeing of the economy from tight budgetary surpluses and conservative monetary systems and the emergence of a nascent African comprador bourgeoisie linked to the Nigerian nationalists that now collectively, with imperialism, administer the state, created the foundations for the Nigerian bourgeoisie to share with imperialism the responsibilities for future crises. The first of such crises occured in 1955/56 following the Korean War boom in which prices of key Nigerian commodities experienced a slump leading to a reduction in revenue which was not enough to meet the expanding cost of government expenditure, the high cost of the import bill and the foreign exchange requirements of the local and foreign companies.

This was the period when capitalist accumulation was fuelled by agricultural production, with the economy depending on agriculture for about 70% for its foreign exchange and 66% for its gross domestic product *(10)*. With the constitutional changes providing for self government to the three regions between 1957 and 1959, greater fiscal spending powers were confered on the regional governments. The federal commodity boards were regionalized in 1954, setting the stage for massive funds, derived from the exploitation of the peasantry, to be transferred to the regional governments.

Table I
Total Accumulation by Nigerian Marketing Boards
1954–1961 (£'000).

Item	Eastern Region	Northern Region	Western Region	Total
Transfer from commodity board	11,464.1	32,651.8	42,897.2	87,013.1
Net trading surplus	10,736.2	3,202.7	14,303.9	21,837.1
Excess of income over expenditure	1,718.9	2,451.2	5,349.1	9,519.2
TOTAL	23,919.2	38,305.7	62,550.2	118,369.4

Source: G.K. Heillener, «the fiscal role of the Marketing Boards in Nigerian Economic Development» in C.K. Eicher and C. Liedholm (eds.) *Growth and Development of the Nigerian Economy* (Michigan State University Press), 1970, p. 125.

As YAHAYA Abdullahi puts it «British control over public investment funds, tariff, industrial and fiscal policies and allocation of foreign exchange was transferred to the indigenous bourgeoisie»*(11)*. This indigenised administrative state system became an important vehicle for capital accumulation with agriculture serving as the material basis for this process and for the financing of government projects, political parties, the private appropriation of public funds, and the development of conspicuous consumption *(12)*.

The crisis of 1955/56, however, had deeper structural roots, with the secular collapse of the agrarian basis of capital accumulation as witnessed by the gradual drop in earnings from agriculture in the gross domestic product from 61% in 1964 to 18% in 1982 *(13)*. This produced a series of crises in the 1960s (1962–1964 and 1966–1970) exposing the structural fragility and instability of the political economy, a situation which remained unchanged until the oil price revolution of 1973.

The quadrupling of oil prices in 1973 not only changed the agrarian basis of capital accumulation to that of crude-petroleum but also reinforced and expanded the structure of capitalist import – substitution industrialisation that was started in the immediate post second world war period.

Industrial Composition of Gross Domestic Products:

	1950*	1958-59**	1966-67**	1971-72**	1974-75***	Mean percentage 1950-75
Agriculture	67.5	65.9	53.8	41.8	23.4	50.5
Industry +	8.2	9.2	19.8	32.4	56.3	25.1
Transp. & Communication	4.5	4.1	4.0	3.7	2.3	3.7
Distribution	6.2	12.5	12.4	11.5	6.7	9.9
General Govt.	2.2	3.1	3.2	5.3	6.3	4.0
Social Services ++	1.6	3.0	4.2	3.2	3.5	3.1
Others	9.7	2.1	2.6	2.1	1.5	3.6
TOTAL	100.0	100.0	100.0	100.0	100.0	

* At constant 1957 (factor cost) prices
** At constant 1962–63 (factor cost) prices
*** At constant 1974–75 (factor cost) prices

Mining and quarrying, manufacturing and craft, electricity and water supply, building & construction; it also includes, for 1950 alone, public utilities.

Includes education, health.

Source: O. Teriba, E.C. Ediozien, M.O. Kayode, the structure of manufacturing industry in Nigeria (Ibadan) 1981.

In 1962, agricultural products accounted for about 70% of the total value of exports. By 1974, however, agriculture's share of total export earnings had dropped to less than 20%. By comparison, petroleum's share of the total earnings which accounted for only 10% of export earnings in 1962 rose to 82.7% in 1973. The price of crude oil which «nearly trippled between 1973 and 1974, jumped from $ 11.7 per barrel in 1974 to $ 40 per barrel in 1980» and the production of crude oil reached 2.05 million barrels per day by 1980 *(15)*. Thus the revenue accruing from the crude petroleum industry jumped from ₦ 4.733 b in 1975 to ₦ 9.825 b in 1981 *(16)*.

This unprecedented increase in foreign exchange earnings from the oil industry led to a massive expansion of planned capital expenditure under the second National Development Plan: «1970/71 – 1973/74 was ₦ 3b compared with a total expenditure of ₦ 30b for the Third National Development Plan: 1975/76 – 1979/80, and ₦ 82.5 b for the Fourth National Development Plan: 1981–85» *(17)*. The availability of such massive financial resources to the state acted as a fillip for the formulation and execution of the Indigenisation Decrees of 1972 and 1977 which attempted to create a three-tier industrial and commercial ownership structure in which commercial and low level capital intensive industries would be preserved for Nigerian businessmen or would have a Nigerian majority shareholding. In practice these decrees fostered foreign control of the economy and transformed the fortunes of some of the Nigerian businessmen, politicians and civil servants by raising their ownership of the economy from a meagre 7% in 1966 to 39.5% and then 42% in 1976 *(18)*.

Although capital expenditure increased concurrently with the expansion of infrastructural facilities, signifying an expansion of industrial activities to the tune of a 15% rate of growth for the manufacturing industry in the 1970s *(19)*, the contribution of the manufacturing sector to the gross domestic product remained very small. Its current share of just about 8% of G.D.P. does not justify the amount of foreign exchange tax relief and state support that it has received in recent times, and the high profit level it has made from the exploitation of the working class. For one thing, most of the industries are simple assembly and packaging enterprises that contribute very little to local value added. Most of the industries cited in the Third National Development Plan have a value added of less than 15% with animal feed (13.9%), spirits, distilleries and beer (14.6%)textiles (10.9%) and transport equipment (9.7%) occupying the top category *(20)*. The Nigerian Industry is dominated by light industries that manufacture such items as food, beverages and tobacco using simple technology; these three industries contribute about «a third of the value added in manufacturing » *(21)*. As TERIBA et. al. put it, «when it is realised that textiles and wearing apparel contributed about 17% of the value added in 1972, for example, it is clear that, for Nigeria, the two most elementary subsectors in manufacturing easily contributed more than 51% of the value added. The engineering section of industry, in spite of the average of 16.4% of value added in manufacturing attributed to it, is dominated by three very elementary sub-groups – namely, metal, furniture and fixtures, structural metal products and fabricated metal. The real engineering sub-sectors – the manufacturing of agricultural and special industrial machinery and equipment, household electrical apparatus, and transport equipment – account only for 2.3% of value added in manufacturing» *(22)*.

It is this situation, we believe, which forced the NEC Expert Committee on the *State of the Economy* to remark that «the money that was put into the hands of the members of the public (viz – the Nigerian and foreign capitalists) was not invested in the production of goods and services in Nigeria» *(23)*. A high proportion of this money was spent abroad. As the committee observed, «food import more than doubled between 1976 and 1978/79 and more than doubled again by 1981 when it exceeded ₦ 2 billion. The importation of manufactured goods increased by nearly 50% between 1976 and 1978/79 and nearly doubled again by 1981, that is, within two years, when it was as much as ₦ 2.6 billion. The importation of machinery and transport equipment increased by 121% between 1976 and 1981» *(24)*. Thus for every one naira spent in the economy, 60k of it found its way outside of the economy *(25)*.

Added to this was the substantial increase in the importation of capital equipment and raw materials. Capital imports increased by about 156% between 1974 and 1979 and by 28% between 1978/79 and 1981 and raw material imports increased by 110% and 100% respectively. By 1981 both capital and raw material imports, which are necessary for the type of industrialization that was being pursued, had reached a level of ₦ 5.7 billion.

A substantial percentage of the drain on the foreign exchange should of course be attributed to the fraudulent way in which: a) contracts have been inflated to the tune of «three times the cost of executing similar projects in East and North Africa and four times of the cost in Asia»; b) the fraudulent transactions in the foreign exchange system and c) the corrupt practices of imperialist companies and their Nigerian collaborators in using import licences as a cover for transfering large sums of money abroad. For instance, the *Sunday Telegraph* (London) of 28th August published a story of how £ 5,000 million (₦ 5,357.14 million) was fraudulently drained from Nigeria's economy by import-export firms, evading the exchange control regulations. The paper claimed that 29 forged clean reports used to obtain authorisation of payment from the central bank of Nigeria and were subsequently exposed by a City of London Bank. Goods valued at £ 7 million (₦ 7.3 million) were said to have been exported by a company which controlled both ends of the import-export operation. Several other forged clean certificates were used to inflate the quantity and value of goods shipped out of Nigeria *(27)*.

Just recently also, the Managing Director of the International Bank of West Africa, Mr. Oladele OLASHORE, in the September issue of the *IBWA Quarterly Economic Review* stated that «Nigeria does not get more than 25% value for her huge expenditure on imports». An estimated expenditure of about ₦ 11.9 billion in 1981 would have brought in ₦ 2.97 billion «because of various built-in margins of fraud and other exhorbitant finance charges on such imports» *(28)*.

Import by End-use at Current Prices

	1974	1975	1976	1977	1978	1979	1980	1981
1. Consumer goods								
a) Non durable:								
– Food	166.4	353.7	526.7	912.6	1004.1	1040.1	1416.8	2198.3
– Textile	31.5	81.3	65.0	38.9	41.9	73.2	92.4	202.6
– Others	173.6	353.5	476.7	612.1	720.5	705.8	567.4	822.0
b) Durable	68.5	191.3	282.0	421.7	370.2	380.7	473.7	674.1
Total:	440.0	979.8	1350.4	1985.3	2136.7	2199.8	2550.3	3897.0
2. Capital goods								
– Capital	490.1	1136.6	1515.0	2129.8	2595.5	1576.9	2228.7	2661.3
– Transp. equip.	124.9	371.1	729.6	1012.5	1233.8	988.7	1770.2	1818.7
– Raw material	519.3	903.0	1094.0	1543.0	1880.1	1115.7	2166.9	3038.5
– Fuel	55.4	100.2	175.0	128.6	156.7	116.4	173.4	187.2
Total:	1189.7	2510.9	3513.6	4813.9	5866.1	3797.7	6339.2	7705.7
Passenger cars:	97.0	220.3	261.0	297.4	350.1	169.7	206.1	1316.9
Grand Total	1786.7	3711.0	5125.0	7096.6	8352.9	6167.2	9095.6	12919.6

Source: Federal Office of Statistics in National Economic Council Expert Committee Report on *the State of the Nation* (1983).

By 1978, mild strains started to appear in the economy partly as a result of the 2% increase in Nigeria's oil prices in April 1977 which led to a tumbling of oil exports by 16%, thereby reducing the oil revenue from ₦ 7 billion in 1977 to ₦ 5.9 billion in 1978. This happened at a time when imports were accelerating at a rate of 40%. It led to mild deflationary measures by the OBASANJO administration in 1978 before power was transferred to the civilian administrators in 1979 *(29)*. With the partial success of those measures, the SHAGARI administration set in motion, in its March 1980 budget, an import liberalisation process and an unprecedented expanded public expenditure programme *(30)*; imports, for instance, «rose substantially in 1981 and reached the monthly average of ₦ 1.2 billion by late 1981 and 1982» *(31)*. When between 1981 and 1982 the world price for oil fell dramatically, affecting also the quantity being produced, the revenue accruing from the sale of crude oil, on which so much of economic activity in Nigeria depends, fell from ₦ 10,100 million in 1979 to ₦ 5,161 million in 1982. It was clear that the bizarre structure of imports and pattern of industrial and economic development could no longer be sustained. But, the crisis in Nigeria's political economy was happening at a time when the value of revenues still surpassed the oil revenues of the 1975 boom period; a situation which has forced some commentators to assert that the crisis was not that of an oil glut *(32)*.

Development in Prices and Government Revenue from Crude Oil

Year	Production (million barrels per day)	Export (million barrels per day)	Posted Price (S/bbl)	Revenue to Government
1975	1.785	1.713	13.7	4,733 (1975-76)
1976	2.067	2.013	14.0	5,498 (1976-77)
1977	2.085	2.030	15.5	6,177 (1977-78)
1978	1.897	1.827	14.9	4,809 (1978-79)
1979	2.302	2.210	33.0	10,100 (1979-80)
1980	2.054	1.940	44.4	9,489 (Apr.-Dec.)
1981	1.440	1.227	42.5	9,825***
1982	1.294	0.991*	39.0**	5,161***

* For the first nine months
** For the first eight months
*** Estimates only

Source: Nigerian National Petroleum Corporation and Federal Government Budget Estimates in National Economic Council Expert Committee Report *on the State of the Nigerian Economy* (Lagos, 1983).

GOVERNMENT POLICY AND THE EFFECT OF THE CRISIS ON THE NIGERIAN SOCIETY

The economic crisis and the austerity measures that accompanied it in April 1982 have had a tremendous effect on the various classes and sectors of the Nigerian economy. Although the government had through its economic advisers, denied the existence of a crisis in 1981, the deepening contradictions of the economy forced the President and his advisers to recognise the existence of one in April 1982, when the President introduced the Economic Stabilisation Act to contain the crisis. The measures in the austerity package included the imposition of, or increase, in customs and excise duties and the regulation of imports. For instance, all unused import licences were recalled for review; capital projects not yet started were deferred; issues of licences to import vehicles including passenger cars and trucks were suspended; basic travel allowances were reduced from ₦ 800 to ₦ 500 and business travel allowances reduced from ₦ 3,000 to ₦ 2,500; compulsory advance deposits were imposed on all imports as follows: foods with the exception of rice, 50%; medicaments, 50%; capital goods, 50%; raw materials and spare parts, 25%; motor vehicles and trucks, 200%; motor cars, 25% and other goods 250%; an increase in government decreed interests by 2%; reduction of government expenditure; and restrictions on the external borrowing under federal government guarantee by the 19 states.

These measures were reviewed and made more comprehensive in January 1983. For instance, an additional 152 items were placed under license. Tariff charges were raised on a whole range of commodities, including starch, 33% – 100%; toilet soap and detergents, 100%; paper and paper labels, 100%; cotton yarns 100%; blankets 100% and fabricated structural steel, 60%. In addition the compulsory advanced deposit scheme was revised, particularly after the complaints from industry *(34)*; the deposits on raw materials and spare parts were reduced from 25% to 10% for raw materials and 15% for spare parts; monetary and credit guidelines were also established for industries, development finance institutions and general commerce *(35)*.

In addition, the National Executive Council on January 31st 1983, set up a committee of experts composed of the Special Advisers to the government in the Vice-President's office, Dr. J.S. ODAMA, the Special Advisers or the Chief Economic Advisers to the State Governors, and a representative from the Central Bank to review the economic crisis and recommend immediate and long term solutions to the problems *(36)*. The report of this committee, which was submitted to the NEC in February 1983, led to the government white paper which endorsed most of the recommendations of the Report *(37)*.

The crisis of the economy and the specific policies of the government have had a devastating effect on the subordinate classes and various sectors of the economy. Industry, for instance, has suffered a very serious blow, particularly with respect to its complete dependence on foreign capital and raw material inputs. The classical import substitution industrialization programme is actually on the verge of collapse. A large number of factories have virtually closed down. A poll conducted by the Manufacturing Association of Nigeria (MAN) showed that by July 31st 1983, a total of 101 companies had within the preceding 12 months closed for a period of between seven and twelve weeks, involving a labour force of 20,000 workers *(38)*. Another nation-wide survey carried out by the *National Concord* paints a similar picture. In Borno State, for instance, it was discovered that most of the factories «have been forced to ask their workers to stand-by pending the arrival of essential raw materials in the country» *(39)*. The major companies said to be affected in this state include the Nguru Oil Mills, Ice Cream makers, Neital Shoes, Wire and Nails company. In Ondo State, the Odu'a Textile Mill now operates with only a skeletal staff; another case is the Burnt Brick industry, opened in 1981 with about 200 workers and which has been forced to close down. It is reported that the problem of raw materials which is tied up to the levels of advanced deposits for imports and the non-availability of import-licenses have affected not only the existing industries but also «those industries that have just left the drawing boards» *(40)*. In Imo State, the survey maintains that many completed factories couldn't take off because of the uncertainty of raw materials. For instance none of the 13 industries established by the state government since 1979 is functioning. The industries include «the paint and resin factories at Ngu-Mbaise, the aluminium extrusion Plant at Liyisihi-Ikeduru, and the cardboard and packaging factories at Owerri-Ebrri». The Honda Motorcycles Assembly Plant at the Naze Industrial area has almost closed down for lack of materials *(41)*. The Standard Shoe Company at Owerri-Orlu road and the GCM Electrical, NAZE,(the only electrical manufacturing industry in the state) have closed down. In Oyo state four main companies, viz., Sanyo Electrical Company, Pepsi Cola Bottling Company, Eagle Flour Company and R.T. Briscoe (Nigeria) Limited have closed down. Other companies like J. ALLEN, WAATECO, ADONIS and John HOLT are reported to be running only skeleton services with a few staff *(42)*. Similar trends can certainly be observed for other states of the federation.

Most of these companies have been hit by the very structure of their production which requires high levels of importation of raw materials. With the squeeze in foreign exchange, supported by the government's policy on advanced deposits covering a whole range of commodities, the availability of foreign exchange has become politicised with import licenses going to party stalwarts or their agents who in many cases have no connections with industry *(43)*. Many companies are being forced to buy import-licenses on the streets *(44)* defeating the declaratory policy of giving preference to manufacturers.

These developments have had a crippling effect on workers employment, incomes and prices. The textile industry, for instance, has lost about 35,000 of its workers within the past three years. The National Secretary of the National Union of Textile Garment and Tailoring Workers of Nigeria maintained that the membership of the union which stood at 75,000 in December 1980 fell to 63,000 in December 1981; this was further reduced to 50,303 in December 1982 and 48,000 in August 1983 *(45)*. Ten thousand workers (10,000) of the Metal Products Workers Union have also lost their jobs in 1983 alone. Apart from those who have been dismissed, thousands more have been forced by their various managements to either go on compulsory leave without pay, or have their hours of work reduced to three days per week *(46)*. 500 workers of the Aeromaritime (Nigeria) Ltd., in Lagos were sacked in November *(47)* and 700 SCOA workers were sent on compulsory leave at the SCOA Assembly Plant at Apapa *(48)*; and 15,000 workers in the country's printing industry have been threatened with retrenchment if the industry which depends on importation of raw materials to the tune of 95% is not granted import licenses to import newsprint *(49)*.

Of course a lot of companies that are making massive profits are jumping on the bandwagon of austerity to reduce their labour cost by sacking workers at will *(50)*. Some of these companies even default at the payment of compensation to dismissed workers, or as is now very common with many enterprises, particularly the parastatals, workers wages are irregularly paid. The federal government, following a threat of a national strike action from the NLC, had to extend a loan of about ₦ 537 million to the 19 state governments and the Federal Capital Territory – Abuja, before the August 1983 elections, to enable the various state governments to pay arrears of salaries, wages and allowances to workers *(51)*.

Many public services have suffered irrepairable damage. For instance, the school system in many states of the federation faces imminent collapse with the non-payment of teachers salaries, the protracted strikes by the teachers unions and closure of schools by the authorities; hospitals have also been facing acute drugs shortages stemming mainly from the raw material import dependence of the local pharmaceutical industry and the rationing of foreign exchange to import other drugs not produced in the country. Health standards have certainly declined in the past 15 months of austerity rule.

The economic crisis has drastically reduced the standard of living of ordinary Nigerians. Incomes of wage and salary workers and poor peasants have been hit by the skyrocketing inflation which has literally placed millions of Nigerians on the starvation line. Many of the prices of essential commodities have increased by more than 100%. These astonishing increases of commodity prices in Lagos can also be observed in other parts of the country. In Maiduguri, it was reported that cooking oil which sold at ₦ 8.25 per 3 litres in June was selling at between ₦ 13 and ₦ 15 in September. A year ago, the same commodity sold at ₦ 7.00. In Owerri 1/2 a kilo of bread went up from 50k to 70k in September and 200 grams of elephant blue detergent went up from 50k to ₦ 1.00. In Benin a tuber yam which was bought for ₦ 5 in June sold at ₦ 12 in September while a tin of palm oil which sold between ₦ 12 and ₦ 15 in 1982 sold at ₦ 50 in September. In Jos, a tin of palm oil which sold at ₦ 15 twelve months ago rose to ₦ 46 in September. Similar trends were discerned by the *Sunday Concord* national survey in other parts of the country *(52)*. As our own experiences in Zaria have shown over the last couple of months, most of the prices quoted by the survey have either doubled or trebbled. Eating habits and calorie/protein intake have really been dealt a serious blow in most homes of the federation!

(Lagos) Comparative increase in the prices of some essential Commodities between February and October 1983.

Items	February	August	October
A tin of Palm Oil	₦ 45.00	₦ 52.00	₦ 79.00
A gallon of Vegetable Oil	5.00	7.00	15.00
Average size of Tuber Yam	4.00	7.00	10.00
A Tin of Beans	56.00	60.00	78.00
A Tin of Gari	30.00	35.00	47.00
Medium size of Omo	0.55	0.80	1.50
A Tin of Peak Milk	0.25	0.40	0.70
Medium size Maclean Toothpaste	1.00	1.40	2.00
A Tin of medium size Nescafe	0.75	1.00	1.70

Source: *National Concord, 2[illegible]th October, 1983.*

THE POLITICAL IMPLICATIONS OF THE CRISIS

The crisis which we have just outlined has specific political implications for the state and society. Our objective is to map out the most salient political implications and then draw conclusions from them. These, in our view, fall under three broad areas, viz – a) the increasing concentration of political power in the governing strata of the Nigerian bourgeoisie at the expense of other social classes, with a tendency towards the use of political repression as an instrument for curbing the crisis; b) the increasing irrelevance or marginalisation of the social-democratic option as a strategy for defending and pursuing popular welfare and democratic rights; c) the intensification of imperialist penetration of the decision-making apparatus of the state leading to increasing subservience to western imperialist interests. These three political implications derive their dynamic from the general lopsided political system that is specific to Nigeria's underdeveloped capitalist economy.

A./ THE CONCENTRATION OF POLITICAL POWER IN THE HANDS OF THE LEADING STRATA OF THE BOURGEOISIE

Every ruling class, by controlling the productive activities of society, imposes its general will and interests on the subordinate classes of that society *(53)*. In the course of the unfolding of the political process, a faction (or factions) of the bourgeoisie may come to have greater control over the state apparatus than other factions even though this faction (or factions) in the long run must defend the general interests of all sections of the ruling class *(54)*. The emergence of such a dominant faction is, within the context of modern political struggles, institutionalised in a political party which contests for power and organises politics around its interests.

In advanced capitalist political systems, such pursuit of hegemonic factional interests is conducted within a liberal democratic framework which recognises the interests of other sections of the bourgeoisie even if not always pursued. In such systems, administrative political power usually changes hands at the polls and other factions are either brought to the centre of power or allowed to enjoy the benefits of the policies of the new administration. This political arrangement generally reflects the cohesion and consolidation of the bourgeoisie as a whole, reflecting the increasing concentration and centralisation of capital which is manifested in the interlocking directorates of banks and other business organisations. Such a cohesion of the bourgeoisie puts it in a formidable position to resolve its petty differences and to effectively take on the challenge of the working class.

In contrast to its more advanced counterparts in Europe and North America, the Nigerian bourgeoisie for a long time since the decolonisation period has not been able to consolidate its power into a cohesive force and settle its differences outside of violent political struggles. In the

1960's, the first two attempts of unifying the bourgeoisie, viz – the Northern factions (through the NPC) incursions into the Western region between 1962 and 1965 and the Eastern factions attempt through IRONSI's unitary military government ended in a national tragedy – military rule and civil war *(55)*.

The victory of the federal government over the Biafran secessionist attempts represented a decisive turning point in the consolidation of the unity of the bourgeoisie; it also afforded the bourgeoisie the opportunity to work together as a group to manage the affairs of the state *(56)*.

But, of course, the lifting of the political ban on party activities opened up the old rifts within the bourgeoisie, culminating in a spate of political parties which tended to reflect the pre-military political alignments, with the National Party of Nigeria gaining control of the federal government and the Unity Party of Nigeria and the Nigerian People's Party consolidating their positions in their respective regions. The NPNs control of the National Assembly (Senate and House ofRepresentatives)*(57)* was very tenuous and its power could not penetrate most of the states of the federation (having won only seven of the nineteen state governments). This, in fact, necessitate the political alliance with the NPP which came to be called the NPN – NPP accord.

The 1983 elections, coming in the midst of an economic crisis, created a fresh opportunity for the governing section of the bourgeoisie to attempt a further consolidation and unification of bourgeois political forces under the umbrella of the National Party of Nigeria. This was achieved with the active support of the Federal Electoral Commission and the law enforcement agencies as the NPN was returned to power with an overwhelming and decisive majority in the House of Assembly and the state governments, with the massive penetration of UPN and NPP strongholds in Oyo (even Ondo until the courts ruled otherwise) and Anambra, the flushing out of the Great Nigerian Peoples Party from Borno and Gongola, the capture of Kaduna from the People's Redemption Party and the conversion of the leading section of the PRP in Kano into an NPN satellite. The NPN may well have set in motion the process for the unification of the disparate forces of the bourgeoisie. When one considers the zoning policy of the party which seems to rotate political office around the multifarious ethnic groups within the party, the picture of apparent unity of the bourgeoisie begins to emerge *(57b)*.

The implications of these developments are quite obvious; it is just the kind of concentrated political power needed by the state to introduce draconian political and economic policies to curb the depression. Already serious doubts have been raised about the impartiality or independence of the judiciary, especially after its contradictory positions on many of its electoral decisions and the manner in which the police and FEDECO were used to conduct the elections *(58)*.

The concentration of political power in a bourgeoisie caught in the quagmire of economic crises would force this class to resort to repressive rule, such as the sabotage of democratic rights (a process which has already started to unfold), the political intimidation and harrassment of workers and other groups and the implementation of unpopular economic measures which would have a devastating effect on the welfare of the ordinary people. This is what James PETRAS calls «the neo-fascist state» which: –

> *«... in the initial period is essentially a repressive state: an apparatus geared towards destroying the organisations of mass mobilisation, annihilating militants... systematic mass demobilisation. But this initial function does not exhaust the historic characteristics of the neo-fascist state. Rather, this... is the basis for 'reconstruction' – that is the creation of policies, institutions and conditions for a particular type of socio-economic condition. The neo-fascist state hence has the second essential function of creating the conditions of large-scale long-term economic expansion based on the promotion of multinational capital» (59).*

B./ THE MARGINALISATION OF THE SOCIAL DEMOCRATIC OPTION

The second major political implication of the current economic crisis is the marginalisation of the social democratic option as a strategy for pursuing and defending the welfare and democratic rights of workers. All capitalist states, developed and under-developed, must provide some minimum welfare to their citizens *(60);* these include free education, free health care, unemployment benefits (mainly for the advanced capitalist states), food subsidies and student grants. In the more advanced capitalist economies, particularly in Western Europe, social democratic parties have emerged to champion these rights within the capitalist framework. A fundamental characteristic of these parties is their opposition to political struggles aimed at changing capitalist property relations. Their objective is to make capitalism serve not just the capitalist class but also the workers. This they do by advocating for, and when in office, implementing policies of expanded public expenditure in education, health and subsidies, raising taxes mainly from the rich to build structures that will provide employment, income and general welfare to poor people.

In the course of time, all political parties pursue some welfare policies, especially as even the establishment parties depend upon a large section of the working class for their votes. It is not surprising, therefore, that even parts of the Nigerian constitution tend to espouse some of these objectives; all the registered political parties had advocated in their manifestoes one form of welfare or the other, with, of course, the UPN and PRP gaining more recognition for their stand on these issues.

The political history of social democracy rests, however, very tenuously on the state of the economy, experiencing a good record in periods of economic expansion and facing a crisis in periods of economic recession. Thus, in periods of crises, even social democratic parties are forced to pursue non-welfarist programmes, or to limit the expansion of such programmes, when they are in government. Thus the British Labour

Party both in 1964–70 and 1974–79 initiated the programmes of public expenditure cuts which later Conservative governments intensified. Barbara CASTLE's *In Place of Strife* policy in the Wilson government of 1964–70 and CALLAGHAN's Social Contract Policy of 1974–79 were aimed at imposing industrial discipline on the working class.

Very often, in periods of economic crisis, because social democratic parties betray their original intentions, they get booted out of office by more reactionary and repressive regimes, such as the Labour Party's defeat by the Conservative Party in the 1979 British elections, REAGAN's defeat of CARTER's Democratic Party in the 1980 US presidential elections, the collapse of the Social Democratic alliance government in Germany in 1983 and the defeat of MANLEY's «socialist» government by the right wing government of SHEAGA in Jamaica in 1980.

Such developments should not be surprising because, as we have said, the triumph of social democracy rests on the ability of capitalism to maintain uninterrupted growth. Since social democrats rely on the ability of the capitalist class to provide part of the surplus that will be used to mount the welfare programmes, every inducement is given to this class to enable it overcome the economic crisis so that social welfare would be reactivated. It follows, therefore, that in periods of acute economic crisis, there is not much to choose between a social democratic party and an established right wing party as the policies of both tend to converge at the point where they recognise the need for capital to survive by giving it inducements, imposing wages freeze, reducing subsidies and curtailing public expenditure generally.

In Nigeria, as we explained in previous sections, the government's free education policy has all but collapsed, with teachers not being paid at times for 6 months in many states of the federation, and the threat to reintroduce fees at the universities; wages, allowances and bonuses have been frozen for large categories of workers, drugs are not available in most government hospitals; and workers loose their jobs in their thousands without adequate compensation or unemployment benefits; there is also a threat to reduce subsidies from food and fuel thus worsening the cost of living of the ordinary people. This is happening at a time when massive tax inducements and other credits and subsidies are being given to companies to invest, expand production and reap large profits.

The interesting point about these developments is that none of the registered opposition political parties has successfully made these issues an integral part of their programmes and activities for they have also been guilty of the same practices in the various states where they govern. What is more, their official representatives took part in drawing up the National Economic Council Report on *The State of the Nigerian Economy* which recommended a ruthless confrontation with the labour unions: –

1. «There should be a wage freeze for both public and private sectors throughout the 1983 fiscal year...
2. «Strikes should be suspended for a period of one year.
3. «Employees who are on strike should receive no pay for the duration of the strike. Sympathy strikes should be banned completely.

4.«Strikes should be made illegal for essential services, and security forces should be organised and equipped to step in, in case of emergency» *(61)*.

The struggle for democratic and welfare rights has fallen, therefore, on the shoulhers of the affected groups themselves, the workers through the agitation of the NLC and its sub-groups, the ASUU, student's unions and other left organisations. These groups have been quite active recently in warning the nation of the political consequences of the economic crisis, and in their opposition to moves which they consider to be encroaching on their democratic rights. The point should be made that since the registered political parties have accepted the centrality of the capitalist system of production as a strategy for solving the crisis, no amount of preaching will force the government to maintain current welfare and democratic rights except by the vigilance of the oppressed majority of the people themselves acting in a general organisational framework that understands the limits of social democratic politics and the need to transcend them.

SUBSERVIENCE TO IMPERIALISM

The third major factor we would want to consider is the intensification of imperialist penetration of the decision-making apparatus of the state. Most Third World states that face economic crises often turn to the public institutions of the Western economies, the IMF and IBRD, for salvation. This is usually supported by direct pleas to the Western governments themselves for economic aid and the rescheduling of debts owed to international banks and multinational trade organisations through short-term contractor finance loans. Added to this, private foreign business organisations are invited with lucrative offers to exploit the material and human resources of the society. These developments lead to the pursuit of repressive domestic policies and a foreign policy that is sympathetic to imperialism.

Much, of course, has been written on the ₦ 1.8 billion loan which the federal government is negotiating with the IMF. The opposition to the loan from the press, labour unions, student and academic unions and the general public has been so concerted and persistent that even some government officials and senators have begun to express doubts about the wisdom of accepting the loan. The popular opposition is anchored on the belief that such loans are given to control the economies of the recipients by imposing harsh conditions on the underprivileged sections of the society. The objective is usually to cut public expenditure, remove subsidies and restrictions from the external economic transactions of the economy, freeze wages and devalue the currency. As the president of Tanzania put it in 1980: –

«The IMF has proved to be a basically political institution. It tends to reproduce colonial relationships by constraining national efforts which promote basic structural transformations in favour of the majorities» (62).

The significance of the IMF as a leading force of imperialism should be grasped. It emerged out of the Second World War as a sister organisation to the IBRD and GATT which were established by the Western policy-makers to manage the inevitable crises of the capitalist world economy. It was agreed that all economies should be made multilateral, with no discrimination or restrictions in trade, foreign exchange transactions and capital movements. This decision was taken against the background of the depression of the 1930s which almost destroyed capitalism. But the implementation of these objectives suited mostly the leading imperialist power in the world, the U.S., which explains why even though Western Europe was a signatory to the IMF and GATT treaties, its governments were unable to implement the provisions of the agreements until 1958/1959 *(63)*.

Since 1959, when Western Europe succeeded in putting their currencies on a convertible basis and ended their discriminatory trade policies towards the US, the IMF has set itself up as the national executive committee of the bourgeoisie of the Western capitalist economies with the authority to impose stringent rules on its members *(64)*. Its high points, of course, are periods of acute economic crisis when, because of its possession of huge financial resources, it can control the economic policies of most Third World states. Just in the last three years alone many African economies have fallen prey to this international octopus, viz., Uganda which had to devalue its currency by 90 % in 1981, Ghana which devalued by 99 % in November 1983, Sierra Leone which devalued by 100 % in the early part of 1983 and currently Nigeria which has already devalued the Naira by 12 % with speculations of further devaluatation.

The IMF measures have brought misery and deprivation to the majority of the workers in the countries where these measures have been implemented. For instance, when the IMF measures were implemented in Jamaica in 1977, «real wages fell by an estimated 35 %, the share of labour in the national income fell from 55.3 % to 55.2 % and average per capita consumption declined by 13 %» *(65)*. The Turkish government's devaluation, under the auspices of the IMF, coupled with the imposition of a wage freeze led to a 100 % inflation rate, a rapid decline in real wages and shortages of basic commodities *(66)*. To prevent what one IMF official described as «either the death of democracy or the overthrow of the government» *(67)*, the Brazilian government, an outpost of US imperialism, which has a debt of about $ 87 billion, on the 20th October 1983, rejected an IMF-inspired proposal for a law limiting wage increases. This decision was taken after thousands of people had converged on the state capital, Brasilia, to protest against the government's hard-hitting austerity programme *(68)*.

In many Third World states where IMF measures have been implemented, the entire decision-making apparatus of the state has been penetrated and IMF/US officials put in charge of key sectors of the economy. The situation in Zaïre is a classic case of an attempt by the Western powers to recolonise the economy. With its huge debt of well over $ 5 billion, and the inability of MOBUTU's regime to safeguard the massive investments of foreign companies, private money markets and the World Bank, the IMF, US, French and Belgian officials have been put in charge of key areas of the Central Bank, the Ministry of Trade and Finance and other strategic sectors of the Civil Service. This has been supported by the American Rapid Deployment Force and the Franco-Belgian military presence.

Similar developments took place also in Ghana during the reign of BUSIA. His regime had incurred a huge debt from previous administrations. The military National Liberation Council had instituted debtor loan rescheduling meetings with the Western governments in which the IMF and IBRD played supporting roles. Debt repayment was running at an intolerable rate of about £ 45m a year; the problem was further compounded by the additional interest at market rate which had to be met on the deferred payments *(69)*. BUSIA had to invite the IMF and the monetarist disciples of Milton FRIEDMAN from Chicago University to run Ghana's economy *(70)*. The Cedi was devalued beyond recognition, the public corporations were denationalised, foreign trade and monetary transactions were liberalised and fees were reintroduced in schools and universities. This set the stage for the prolonged depression from which the economy has never recovered.

Here in Nigeria, recent calculations by the Central Bank put the public overseas debt of the Federal and State governments at around ₦ 8.5 billion *(71)* and the short-term trade debt at about $ 5 billion *(72)*. It was recently calculated that the interests accruing to the short-term debts would be running to the tune ₦ 599.8 m yearly as from January 1984 when the grace periods and refinancing loans would be over *(73)*. The latter trade debts forced the federal government to refinance $ 1.4 billion of these debts in July and another $ 400 – $ 500m in September. Both agreements stipulated that the federal government should start repayment in January 1984. The agreement in September involved some 40 international banks. As we have already pointed out, the government has also been negotiating a ₦ 1.8 billion loan from the IMF to correct its persistent balance of payment deficits.

Already most of the economic measures recommended by the IMF are being implemented, viz. wage freeze, curtailment of public expenditure, devaluation (the currency depreciated by 12 % recently) and the removal of subsidies which many suspect would soon be implemented; this demonstrates a coincidence of interests between imperialism and the Nigerian state. The current economic crisis and the state's increasing dependence on foreign loans has certainly intensified the state's subservience to imperialism.

This subservience has begun to be translated into the area of foreign policy, viz., the recent shocking revelation that the present administration had advocated an acceptance of the American *linkage policy (74)* of removing Cuban troops from Angola as a condition for Namibian independence *(75)*; and the strange silence displayed by the administration over the barbaric violation of the freedom, independence and security of the Grenadian people when, in October 1983, American marines invaded that country. When one considers that these events took place just at the time when the administration was receiving an American loan of ₦ 135 million, there is grounds to believe that the state is rapidly losing its initiative in foreign policy to imperialism. The domestic political implications of this subservience to imperialism are ominous if Brazil's experience is anything to go by.

CONCLUSION

We have been trying to establish that:–

1. Economic crises are permanent features of all capitalist political economies; these, we have seen, are connected with the problem of reconciling social production with consumption, a problem which is a characteristic feature of the fundamental contradiction between the social organisation of production and the private appropriation of social surplus;

2. These permanent cyclical crises of capitalist development manifest themselves in the Nigerian formation through the specific operations of the transnational corporations and the local Nigerian enterprises in terms of the way they dominate the banking, commercial, manufacturing and agricultural sectors of the economy and appropriate surplus to themselves at the expense of the general working population;

3. More specifically, the current crisis has been accentuated by the character of industrial and commercial activities in the country; industries, as we saw, depend on foreign capital and raw material inputs for a substantial part of their operations, and companies use all sorts of fraudulent practices to transfer money abroad and import consumer goods that strain the foreign exchange of the state; it was clear that when the revenue accruing from the oil industry dropped, these unrealistic commercial and manufacturing practices could no longer be sustained; a crisis was bound to set in;

4. This crisis has far reaching political implications, viz., the imperialist penetration of the decision-making apparatus of the state, the marginalisation of the social democratic option and the increasing concentration of political power in the hands of the leading section of the bourgeoisie which provides the basis for the further pursuit of repressive policies as an excuse for solving the crisis;

5. Such repressive policies are bound to be directed mainly at the working people whom, as we have seen, are already bearing the brunt of these policies, through mass retrenchments, non-payment of salaries, sky-rocketing inflation, curtailment of public expenditure on basic services and the attempt to penetrate and disorganise their political organisation;

6. It is therefore clear that the solutions to the problems of the crisis and the lopsided political economy of Nigeria lies in the hands of the struggling and affected people themselves; only they can seize the initiative to challenge and reverse the exploitative property relations that are responsible for their present day sufferings; appeals to the ruling class to be merciful are a mere waste of time.

FOOTNOTES

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4. G. Williams, *State and Society* (Afrografik) chapter one.
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11. Y.A. Abdullahi *op. cit.*, p. 12. See also Y.A. Abdullahi, «Peasant Agriculture and Class Formation in Nigeria» Paper presented at the National Conference on *Nigeria, since Independence*, 28th–31st March 1983, A.B.U.
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13. O'Teriba et. al. «The Structure of Manufacturing Industry in Nigeria» *op. cit.*, p. 18.
14. *Ibid.*
15. National Economic Council Report on *The State of the Nigerian Economy* (Lagos) 1983, p. 1.
16. *Ibid.*, Table 3 (Appendix).
17. *Ibid.*, chapt. one, p. 1.
18. *Nigeria: Twenty Years of Independence:* A Financial Times Survey (Spectrum Books Ibadan) – 1980, p. 51.
19. O. Teriba et. al., *op. cit.*, p. 22.
20. *Third National Development Plan 1975–80*, p. 148. See also O. Teriba, *op. cit.*, pp. 24–25.
21. *Ibid.*, p. 22.
22. *Ibid.*, p. 22–23.
23. National Economic Council Report *op. cit.*, p. 1.
24. *Ibid.*
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26. *Ibid.* See also Y.B. Usman, «Behind the oilsmokescreeen: The Real Causes of the Current Economic Crisis», in *Who is Responsible? The Nigerian Workers and the Current Economic Crisis*, (Gaskiya) 1982.
27. Reported in *The Nigerian Standard* 29th August 1983.
28. *Business Concord* 21st October, 1983.
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30. *Ibid.*
31. National Economic Council Report *op. cit.*, p. 2.

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33. *West Africa* 26th April 1982, p. 1113–4.
34. Papers compiled by the Senate Committee on Banking and Currency: Reactions to federal government measures and Banking Practices in Nigeria (National Assembly Press, Lagos), pp. 26–42 – 1982.
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36. National Economic Council Report *op. cit.*
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38. *Business Concord* 21st October, 1983.
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40. *Ibid.*
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43. S. Abubakar. «Imports Policy and the Crisis: A Review of the 1981 Import Licencing Exercise» paper at Workshop on the State of the Nigerian Economy CSER, A.B.U. 1983.
44. This issue has been well covered by the Press. See also the statement of the Managing Director of UAC.
45. *National Concord* 26th November 1983.
46. *National Concord* 12th November 1983.
47. *National Concord* 8th November 1983.
48. *New Nigerian* 11th November 1983.
49. *National Concord* 8th November 1983.
50. *Liberation News* February 1983.
51. *New Nigerian* 5th August 1983.
52. *Sunday Concord* 18th September 1983.
53. A. Swingewood, *Marx and Modern Social Theory* (Macmillan) 1979, chapter 6.
54. Marx, *The Eighteenth Brumaire of Louis Bonaparte.*
55. R. Anifowose, *Violence and Politics in Nigeria* (NOK) 1982, chapters 6 and 7.
56. Most of the Political leaders occupying different camps in the current political spectrum participated in the running of the military government.
57. In the Senate, for instance, the NPN had 36 seats, UPN 28, PRP 7, NPP 16 and GNPP 8. See A. Ogunsawo and H. Adamu «The Making of the Presidential System»: 1979 General Elections (Triumph Press) 1983 for an analysis of the elections. In the House of Representatives NPN won 37 % of the seats, UPN 25 %, NPP 17 %, PRP 11 % and GNPP 10 %. Kirk-Greene and Rimmer *Nigeria since 1970* (London) 1981.

57b. Intra-ruling class struggles within the NPN will persist and intensify.

58. *Sunday Concord* 6th November 1983.
59. J. Petras, Neo-fascism: Capital Accumulation and Class-struggles in the Third World, *Journal of Contemporary Asia* Vol. 10, No. 1, 1980.

60. This is conditioned by the objective conditions of proletarianization of labour and the subjective factors of consciousness and struggle for better conditions of existence.
61. The National Economic Council Report *op. cit.*, px.
See comments on this Report by R. Mustapha «Brief paper for Biases of the Odama Committee Recommendations», paper for Workshop on the *State of Nigerian Economy*, CSER, A.B.U., 1983.
62. J.K. Nyerere, «New Year Message to the diplomats accredited to Tanzania», January 1980.
63. Susan Strange, *Sterling and British Policy* (London) 1971.
64. Even the United Kingdom government had to accept IMF supervision of its economy in the Mid-1970s when it was given a loan to cure its balance of payments deficits. There was much local opposition to this at the time.
65. Swallowing the IMF measures in the Seventies: 1977 measures in Jamaica.
66. IMF loan and the Nigerian Workers – Information Department NLC in *Workers vanguard*, October/November 1983.
67. *Swallowing the IMF measures op. cit.*
68. *The Guardian* 22nd October 1983.
69. West Africa 29th November 1969, p. 1455. See also A. Krassowski, *Development and the Debt Trap: Economic Planning and External Borrowing in Ghana* 1974.
70. R. Kilby, The External Cooptation of a Less Developed Country's Policy making: The Case of Ghana, 1969–72, *World Politics* October 1976.
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72. *African Business* November 1983, p. 14.
73. *Business Concord*, October 7th 1983.
74. Lawrence S. Engleburger (under Secretary of State for Political Affairs) *US Committed to Peace and Security in Southern Africa* U.S.I.S. Lagos.
75. Concerted pressures from the public (press, students, ASUU and NLC) forced the government to reaffirm its commitment to the Murtala/Obasanjo administration's position on Namibia and Angola.

DOCUMENTS

REPORT OF THE ODAMA COMMITTEE ON THE STATE OF THE NIGERIAN ECONOMY

By

*THE NATIONAL ECONOMIC COUNCIL (NEC) EXPERTS COMMITTEE**

Chairman,
National Economic Council,
c/o Fed. Ministry of National Planning,
Lagos.

Dear Sir,

At the meeting of the National Economic Council held on 31st January, 1983, Council resolved to set up a committee of economic experts composed of the Special Adviser to the President in the Vice-President's office (Chairman), the Special Advisers or the Chief Economic Advisers to the State Governors, and a representative from the Central Bank of Nigeria.

2. Our terms of Reference were general in nature and were as follows:

- To review the present economic situation in the country, identify the main economic problems and recommend the immediate and long-term solutions to such problems .

The Committee was to submit its report within two weeks, beginning from the 7th of February, 1983.

3. We held our inaugural meeting on the 7th of February, 1983. At this first meeting, we discussed our Terms of Reference, our programme of work, and the background papers made available by the Committee's secretariat.

4. In addition to plenary and sub-committee sessions, we undertook discussions with persons and institutions whose knowledge and/or functions we believed reflected on our Terms of Reference. Amongst others we had very fruitful discussions with the Managing Director of Nigerian National Petroleum Corporation (NNPC) and the Director of Customs. We seize this opportunity to extend our appreciation to all those who contributed in one way or the other to our report.

5. Our recommendations should be seen in the main to complement and strengthen the existing efforts of Mr. President to stem the deteriorating economic situation. We believe, however, that the answer to our economic problems lies largely in SELF-RELIANCE. This cannot be achieved immediately and efficiently within our present economic and socio-political structures. In this respect, there is need to effect fundamental structural adjustments in all the sectors of the economy. Such structural changes are necessary prerequisites for a self-reliant Nigeria.

6. We have the honour to submit our Report to the National Economic Council for consideration.

We are,

Yours Sincerely, Sgnd. Dr. J.S. ODAMA, (Chairman).

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* *The Federal Ministry of National Planning, Lagos, February, 1983.*

DEVELOPEMENTS IN THE NIGERIAN ECONOMY IN THE LAST DECADE

Introduction

The planned capital expenditure under the Second National Development Plan: 1970/71 – 1973/74 was ₦ 3 billion compared with a total capital expenditure of ₦ 30 billion for the Third National Development Plan: 1975/76 – 1979/80, and ₦ 82.5 billion for the Fourth National Development Plan: 1981/85. These tremendous increases in planned expenditure were made possible by the increase in the price of crude oil which nearly tripled between 1973 and 1974, and jumped from $ 11.7 per barrel in 1974 to $ 40 per barrel in 1980. Together with increased production which had reached 2.05 million barrels per day by 1980, these increases in posted price for crude oil propelled Nigerian into the oil economy. From then on, the levels of oil production and export dictated the state of Nigeria's economy.

2. This would have had salutary effects but for basic structural problems. While capital expenditure increased as infrastructural and other facilities were expanded and while the importation of machinery and equipment also increased, signifying expansion of industrial activities, the much hoped for economic take-off was not realised. Consequently, when in 1981/82 the demand for Nigerian oil in the world market fell drastically, the consequent destabilizing and devastating effects were felt throughout the sectors of the Nigerian economy, driving home vividly the dangers of relying heavily on a single resource base-oil. Below we briefly trace some significant developments related to our current economic problems.

GOVERNMENT EXPENDITURE AND THE EXTERNAL SECTOR

3. Table 3 indicates the production and export of crude oil and the revenue which the Government obtained from royalties revenue was like a windfall. It resulted in great expansion of Government activities and also in general economic activities.

4. This expansion was most noticeable in the building and construction sector (including housing) whose estimated contribution to the Gross Domestic Product at 1977/78 factor cost nearly doubled between 1975/76 and 1979/80 from ₦ 3.0 billion to ₦ 5.6 billion. Wholesale and retail trade also expanded with increased contribution to the Gross Domestic Product of 23 % in the same period. Agriculture, on the other hand, remained stagnant, and so did manufacturing for the period 1975/76 – 1977/78.

5. It can be said that the money that was put into the hands of the members of the public through Government expenditure was not invested in the production of goods and services in Nigeria. As shown in the import figures in Table 5, a high proportion was spent abroad. Food import more than doubled between 1976 and 1978/79 and more than doubled again by 1981 when it exceeded ₦ 2 billion. The importation of manufactured goods increased by nearly 50 % between 1976 and 1978/79 and nearly doubled by 1981, that is, within two years, when it was as much as ₦ 2.6

billion. The importation of machinery and transport equipment increased by 121 % between 1976 and 1981. It is estimated that for the period covered about 60k of everyone Naira expenditure found its way outside the economy.

6. It should be noted that while there was substantial increase in the importation of capital equipment there was corresponding increase in the importation of raw materials. From Table 6, the former increased by 156% between 1974/75, 1978/79 and by 28 % between 1978/79 and 1981 while the latter increased by 110 % and 100 % respectively. The former reached a level estimated at ₦ 2.7 billion in 1981 and the latter a level of ₦ 3.0 billion. All this tends to indicate that the imported machinery necessarily requires imported inputs and that the industrialization that has been taking place has been heavily foreign-oriented.

7. With the substantial increases in imported consumer goods, including food, and in imported capital goods and raw materials, the state of foreign exchange reserves had to be precarious. A decrease of only 200,000 barrels per day in export of crude oil in 1978 caused foreign exchange problems that led to the imposition of restrictions on imports. These measures were greatly helped by increases in the price of crude oil and in crude oil production. The combined effect made the economy look very rosy and encouraged import liberalization in 1980. As a result, imports rose substantially in 1981 and reached the monthly average of ₦ 1.2 billion by late 1981 and early 1982.

8. Foreign exchange reserves had been depleted also through the repatriation of profits, income and capital by expatriate investors. Total out-flow of capital (investment income, service fees and charges and other home remittances) reached a level of about ₦ 1.3 billion in 1977. This compared with capital in-flow of ₦ 360 million per annum for these three years.

9. The value of exports rose substantially from ₦ 6.1 billion to ₦ 10.9 billion between 1978 and 1981, after which it dropped to ₦ 9.5 billion. Between 1981 and 1982 the value of exports fell by about 12.8 %. Between 1978 and 1982 the value of export of crude oil rose from ₦ 5.4 billion to ₦ 9.2 billion constituting about 90 % of Nigeria's total foreign exchange and about 83 % of Nigeria's revenue sources. The non-oil exports dropped sharply from ₦ 654.4 million in 1978 to about ₦ 263.4 million in 1982, indicating that the attention given to agriculture was not adequate. This accentuated the vulnerability of the economy.

Development Policies

10. It is obvious that the indigenization policy enhanced net out-flow of capital. Indeed the increase in out-flow started to become substantial in 1972/73. The indigenization Act, 1972 sought to transfer ownership of some industrial concerns to Nigerians and to reserve some areas of investment for Nigerians only. The Act has, however, been of mixed blessing. Most of the companies affected are still managed by expatriates. Moreover, they still have strong links to other foreign companies which, directly or indirectly, dictate their major policies.

11. In addition, as a result of the amendment of 1977 to the original Act, which limited the investment of individual Nigerians in such companies to 5 % of the share capital, ownership became dispersed among Nigerians and further limited effective control of the companies by Nigerians. The Act seemed to be helping the foreigners to expand their operations in Nigeria and thereby their control of Nigerian economy.

12. Increased Government revenue made it possible for the Governments to pursue social welfare policies and expand social services. Of special significance is the increase in the minimum wage from a level of ₦ 70--80 per month in 1979 to ₦ 125 per month plus allowance of ₦ 25 per month in 1981. This brought strain on many private companies and also on the Governments. It has increased costs without corresponding increases in productivity in the economy.

13. Huge expenditure on infrastructural facilities was accompanied by incentives to the private sector to establish new industries or expand those already established. The incentives included approved user's scheme, granting of tax holidays, and accelerated depreciation of capital. The Governments also invested considerably in the manufacturing sector both through joint ventures with the private sector and through establishing State-owned industries, especially for the production of intermediate goods.

14. In spite of all these, the manufacturing sector has not made significant impact on the structure of the economy by way of contribution to Gross Domestic Product, provision of employment, foreign exchange conservation and promotion of wider and more effective linkage among the different sectors of the economy. High level of importation of capital goods and raw materials has not been accompanied with high level of output or value added.

15. Of course, every investment has gestation period, but the type of industrialization whereby the machine, the raw materials and the management are all physically imported from the industrialised countries, whose interests are obviously in conflict with those of Nigeria, cannot be expected to have much impact domestically.

16. High priority has been given to the development of agriculture. The programme of 'Operation Feed the Nation' has been succeeded by that of 'Green Revolution'. Through these programmes, the farmers have been given concrete assistance to expand their production. The assistance given includes supply of fertilizers and other necessary inputs and substantial increases in guaranteed minimum prices for most agricultural products, particularly the export crops and food grains. Special development-schemes have also been started. Dams and irrigation schemes have been embarked upon to improve water supply and facilitate all-season farming.

17. All the same, the very visible rural-urban migration, the phenomenal increase in the importation of food and the high level of prices for most food products all show that the agricultural development programmes are yet to make their impact. Indeed, harvests have been good for the last crop year, but it cannot be said that much of it has been due to structural changes in agricultural production which have long term benefits.

The Basic Problems

18. One of Nigeria's present economic problems can be regarded as the effect of the world economic recession on the Nigerian economy. This world recession gave rise to the oil glut which very adversely affected Nigeria's crude oil sales. The immediate problem is, therefore, that of shortfall in Government revenue and depletion of foreign exchange reserves. Simply put, we have a liquidity crisis.

19. Between 1973 and 1981, OPEC had taken various advantages of the world oil market to push the selling price of crude oil from below $ 5.00 per barrel to about $ 40 per barrel. During the same period, the Organization has transferred the control of the oil industry from the oil majors to the governments of the oil producing countries. However, as the oil prices rose, the Western countries embarked on extensive oil exploration and this resulted in increasing oil production from non-OPEC members. The developed countries also embarked on oil conservation policies which tended to reduce the oil component of the energy consumption. All these measures helped to reduce the world oil market share of the OPEC countries from about 31 million barrels per day in 1977 to about 17.5 million barrels per day as at present. This represents a drop in OPEC's share of the market from 52 % to 33 %.

20. Oil production from non-OPEC countries therefore exceeded that from OPEC countries for the first time in 1981/82. Moreover, while world consumption of energy from oil fell from 51.4 % of total consumption in 1973 to 47.5% in 1980, that of nuclear energy rose from 1.3 % to 3.7 % and that from solid fuels from 20.7 % to 21.8 %. It is projected that the consumption of energy from oil will fall further to 43.7 % by 1985. It is likely that OPEC's share will fall more.

21. These indicate that the present problem of oil glut is a long-term problem. Nigeria cannot hope to be able to market her crude oil up to the 1978/81 level even when the world economy recovers. Temporary solutions to the present economic problems will, therefore, not suffice.

22. Besides the crude oil problem, the foregoing raises the question of the role of the Government in promoting economic development. Successive Governments have given varying degrees of priority to agriculture and industry though the results have not been sufficiently encouraging. In particular, specific action has been taken to establish industries for the production of intermediate goods, and incentives have been given for the utilization of local resources and expansion of domestic production. But there has not been a break-through either in agriculture or in manufacturing industry. The apparently sound Government policies have not yet made the desired impact. The realisation of such impact will be delayed for long until the economy undergoes certain structural transformation.

23. The response to the current economic recession has been in the form of crisis management. This primarily involves restraint including cutbacks in a number of sectors to restore balances, particularly in the government and external account. A crisis management package was embodied in the Economic Stabilization (Temporary Provisions) Act of April, 1982,

and as amended in January, 1983 by Mr. President. As a set of policy directed towards problems of urgent nature they were generally in the right direction. But as argued earlier, the causes of some of the problems are so fundamental that radical departures are called for in a number of crucial sectors and policies if the economy is to survive the on-slaught, particularly from exogenous outside factors.

REVENUES, EXPENDITURE, AND THE EXTERNAL SECTOR

Revenue and Expenditure

The Committee noted the declining revenue from oil which is the largest single revenue source for the country. It noted in particular the critical position of the Federal and State Governments with regard to availability of funds to meet their recurrent expenditures and execute capital projects. It then focussed attention on measures to improve our revenue earning capacity. In this regard, the following measures are recommended:

i) (a) We should continue our membership of OPEC but undertake a re-appraisal of our pricing and marketing policy within OPEC (in line with changing economic circumstances).
(b) We should endeavour to see that countries with whom we have unfavourable trade balances are made to buy crude oil from us. Obvious examples are Japan and the United Kingdom. Continued importation of goods from such sources must be made conditional on their buying crude oil from Nigeria.

ii) States should increase their efforts at generating more revenue internally. In particular, all states should aim at collecting at least 30 % of their recurrent expenditure needs from internal sources. In making this recommendation, it is felt that this target can easily be met by improving the administration of the tax collection system as well as fully exploiting other sources of revenue such as sales tax, entertainment tax, advertisement tax, etc...

2. In connection with the dwindling revenue of the nation generally, the Committee noted that many States have arrears of salaries to pay to their workers, some as many as five months. Huge debts are owed to contractors and suppliers for work completed or services rendered as far back as two years ago. Majority of the States are hanging precariously on massive over-drafts which have been kindly extended by commercial banks. The situation could have been worse if not for the long-standing embargo on employment imposed by many State Governments as well as the Federal Government, and the indirect retrenchment resulting from non-filling of vacancies created by resignations, retirements or deaths.

3. A look at the projected revenues of each State from the Federation Account for 1983 shows that even with the assumed oil production level of 1 million barrels per day, the receipts by many States will not even be adequate to meet their current salary obligations alone, much less other recurrent and capital costs. It is clear from the above picture that many of the States are on the verge of financial collapse. We believe that urgent remedial measures and expenditure restraint must be taken, if we are to avoid possible economic catastrophe. In this regard, we recommend the following measures:

i) The suspension of the implementation of the recently approved increases in salaries and wages arising from the September 1982 National Incomes Policy Guidelines. The Governments clearly are not in any financial position to pay these awards;

ii) The suspension of the ONOSODE Awards to the Parastatals, as recommended in the memorandum of the Vice-President to the last meeting of the National Economic Council (NEC). If the Federal Government should implement these awards now, a new round of labour unrest will be triggered off, as the State Parastatals would also demand the same awards. The economy at this point in time certainly cannot support these awards;

iii) The immediate granting of a loan to each State Government by the Federal Government in order to meet the immediate liquidity crisis facing the States. Access to the loan should, however, be linked to the ratio of internally generated revenue over recurrent expenditure;

iv) Keeping the level of personal emoluments within the limits which the nation's resources can support. In the present critical conditions of the economy, we are compelled to recommend the suspension of allowances for all grades of workers in the public service, including political functionaries, the legislature, the executive and the judiciary. While the Committee does not recommend any reduction in salaries and wages, we however, recommend that:

(a) All allowances paid to public officers on grade level 08 and above, including the Judiciary, as well as all political office holders in the Legislature and the Executive should be suspended. This includes the provision for domestic staff;

(b) All allowances paid to public officers on grade levels 01 to 07 should also be suspended, except housing and transport allowances which have helped to bridge the income gap between the lower and the higher income groups;

(c) All public officers should pay their private telephone and electricity bills themselves; and

(d) All public officers occupying Government quarters should pay 10 % of their salaries as rent.

The rationale for some of these allowances has colonial origin and is irrelevant to our present-day circumstances.

4. The Committee noted the need for all tiers of government to have a much stricter control over their expenditure, and specifically recommends the following :

i) While the Federal Government's effort to improve agriculture is appreciated, more could be achieved at less cost if there is closer cooperation among the three tiers of government;

ii) All capital projects not yet commenced should be suspended, with the following exceptions:

(a) projects with less than 30 % off-shore content;

(b) projects that will generate vital inputs for other industries, for example, petro-chemical industries; machine tools industries and flat steel plants.

iii) All private consultancy services at both State and Federal levels should be stopped. Each government should set up its own Consultancy Unit and utilize consultancy services in the Nigerian Universities.

vi) All on-going projects should be reviewed in terms of cost, and where possible should be rescheduled.

v) The next phase of all Housing Scheme should be suspended until all the completed ones have been occupied. We observed that a lot of money has been invested on the provision of housing by the Governments of the Federation. However, we noted that most of these houses have not yet been occupied.

vi) The creation of more States and Local Governments should be shelved in the light of the present economic situation in the country. The impression is being created that the issue of State and Local Government creation is only political. The Committee, however, strongly believes that there are important economic considerations which presently outweigh the political ones.

vii) The number of political appointees should be reduced to the barest minimum consistent with the Constitution.

5. The Committee referred earlier to the size of the annual budgets of the State Governments and of the Federal Government and noted that, based on the usually over-blown sizes of the capital budgets, both the Federal and the State Governments award contracts often times indiscriminately but without sufficient cash backing for such contracts. The practice has contributed immensely to the current financial crises at the different levels of Government and in the Private and banking sectors. The Committee is aware that the cost of most of the contracts are deliberately inflated with the result that the cost of construction in Nigeria is currently about three times the cost of executing similar projects in East and North Africa and 4 times of the cost in Asia. The Committee recommends that the project slated for execution should be related to the amount of money available and that as much as possible deliberate efforts should be made to bring down the cost of project execution in Nigeria.

6. In respect of the latter, we recommend that the Government should make as much use of in-house staff as possible for the design and construction of capital projects. It was the opinion of the Committee that there was adequate competance within the government ministries for this purpose. More attention should be paid to the maintenance of the existing infrastructure to make them last longer. Moreover, wasteful designs should be discouraged.

7. The Committee also recommends that the Report and the White Paper of the Presidential Commission that looked into the cost of executing contract projects in Nigeria should be brought to the attention and guidance of the members of the National Economic Council.

8. The Committee noted that there is a growing practice for the different arms of government to extend political autonomy to the area of budgeting. We believe this is a dangerous trend as the practice does not allow for an overall appraisal of budgets and financial discipline.

9. More projects should be designed to be self-financing. In this regard all four-lane highways should be subject to tools.

External Sector

10. The Committee notes that our foreign exchange reserves are at present under ₦ 1 billion, with accumulated delayed remittances of over ₦ 3 billion. The situation clearly calls for very drastic measures. The following are recommended:

i) With estimated foreign exchange earnings in 1983 of about ₦ 600 million a month (based on oil production level of 1 million barrels per day), and with about ₦ 140 million per month required to service our external debts, we are left with only about ₦ 460 million monthly to finance our import bill. It is recommended that all efforts should be made to keep our monthly import bill below ₦ 460 million, rather than the ₦ 600 million now being contemplated. In this connection, it is further recommended that the importation of the following products should be prohibited absolutely with immediate effect:

(a) All passenger cars, for a period of one year in the first instance. On the basis of 1982 actual import figures, this will save about ₦ 900 million annually in foreign exchange. During the period of the ban, there should be an enforced restraint on price increases for locally assembled cars;

(b) Rice. This will not only save foreign exchange, but will also encourage consumption and production of local varieties and stimulate the production of other local food products;

(c) Aircraft and yatchts for private use. Licences for all those already imported should be withdrawn as there are strong indications that they are sometimes used for smuggling activities;

(d) All other items under Part II, Schedule II of the Economic Stabilization (Temporary Provisions – Import Prohibition) Order 1983, which are considered as luxuries and which can be conveniently banned without creating hardships for the ordinary citizen.

ii) The duties on commercial vehicles, the type of which are assembled locally, should be increased to discourage their importation and encourage patronage of the local manufacturers.

iii) The percentage of advance deposit in respect of food should be raised from 50 % to 100 %.

iv) Foreign travel by public functionaries should be severely curtailed, and where such travel must take place, the size of the entourage must be trimmed to the barest minimum. Present abuses of the issuance of foreign travel allowance should be checked. We recommend the imposition of a tax on each foreign travel to discourage unnecessary travels as follows:

-- Individual non business travel ₦ 50.00
-- Business foreign travel ₦ 200.00

v) The Import Licensing Committee should give the highest priority to raw materials spare parts in its allocation of foreign exchange. The requirement for advance deposit for spare parts and raw materials should be waived. In order to prevent the abuse of this measures, we recommend that all consignments labelled as raw materials or spare parts should be subject to thorough physical inspection.

vi) In order to restore our credibility in the international money market. we recommend that the Federal Government should take all necessary steps to secure loans from appropriate sources to meet our outstanding foreign exchange commitments.

vii) In order to reduce our over-dependence on oil and reduce our import of raw materials, we recommend that greater attention be given to the production of other agricultural crops like maize, tea, wheat, coffee, etc.. which serve as substitutes for imports.

viii) As an additional incentive to the States to give needed priority to agriculture, we recommend that the principle of derivation in the revenue allocation formula should apply not only to mineral production, but also to the production of agricultural export crops within each State.

ix) It is now widely believed that substantial amount of currency are being hoarded in private hands, and are therefore taken out of circulation, to the detriment of the economy. We recommend that the Central Bank undertake a study on this and recommend ways of stemming the out-flow and hoarding of the Nigerian currency including the possibility of changing the currency.

11. The Committee noted that a great part of Nigeria's foreign exchange problems derives from indiscriminate travel abroad by Nigerians, particularly public officials, top executives in the private sector, parastatals and universities. It also noted that the practice of pilgrimage by both Christians and Moslems is reaching alarming proportions. To minimize this practice, the Committee recommends that nobody should be granted foreign exchange to go on pilgrimage more than once in 5 years.

12. It was noted that the present level of estacode is a maximum of ₦ 150 per day. The Committee considers this level too high and therefore recommends that the levels should be reduced to a maximum of ₦ 100 per day for public officers.

13. Even though the credit guidelines are formulated to regulate imports, promote domestic production and attain a favourable balance of payments position, the Committee is aware that a number of wealthy Nigerians are alleged to possess enormous hoards of foreign currencies at home and

abroad. One method by which part of the hoards can be repatriated to Nigeria is through the issuance of import licences for equipment and machinery which will not be valid for foreign exchange from the CBN so that those who hoard money abroad can use part of their hoards to import the goods into Nigeria. We tried this successfully during the civil war of 1967-70.

14 We also recommend that an appeal be made by Mr. President to all Nigerians to repatriate their funds held in foreign countries.

15. The Committee noted that over the years the invisible foreign earnings by Nigeria have diminished due to smaller revenue derived from tourism, dividends from foreign investment made by Nigerians and private foreign investment in Nigeria. We recommend that conscious efforts should be made to attract tourists into Nigeria through the activities of the Nigerian Tourist Board, the relaxation of the country's visa policy, and intensification of the campaign for the attraction of private and public foreign investments in Nigeria. In addition, remittances abroad by expatriate staff should be reduced from 50 % to 25 % of their earnings.

16. The Committee also recommends that all shipping and air freighting by public authorities and public-owned companies should be handled by the National Shipping Line and the Nigeria Airways, respectively.

17. The Committee noted the drain on the foreign exchange via undergraduate student remittances abroad and recommends a speedy expansion and adequate funding of Nigerian Universities to stem this outflow. The Committee also feels that the present trend in awarding overseas scholarships for courses available in the Nigerian Universities by all the Governments is uneconomic and recommends that it should be stopped forthwith. In addition the Universities should be more realistic and flexible in their admission requirements to help stem the drift of students overseas.

Smuggling

18. The Committee critically examined the perplexing issue of smuggling and noted with dismay that smuggling has not only already become widespread in the country but it has also virtually succeeded in defying all existing government regulations and measures aimed at effectively combating it.

19. The more vexing aspect of the problem, the Committee noted, is that despite our existing laws and regulations to the contrary, and ostensibly because of our insatiable appetite for foreign goods the country has continued to tolerate the sale, distribution, and utilization of banned goods throughout the country. The Committee draws attention to the fact that smuggling has thrived and will continue to thrive because of the personalities, particularly highly placed Nigerians, and interests that aid and abet smuggling in the country. The Committee regrettably noted that by disrupting domestic industrial production and consequently creating local unemployment problems and by perpetuating foreign exchange problems, since smuggled goods are paid for in foreign exchange, smuggling is doing a very serious damage to the Nigerian economy. Following also the testimony given to the Committee by the Director of Customs and Excise,

the Committee noted that, given its level of funding and equipment and the level of competence resulting therefrom, the Department of Customs has not been able to cope effectively with the problem of smuggling. It therefore makes the following recommendations:

i) The government should immediately make adequate funds available to the Department of Customs to enable that department to meet its immediate needs for necessary equipment and logistic support, office accomodation and infrastructural facilities for manpower training;

ii) That the post of the Director of Customs should be upgraded to level 17 while the department should continue to be supervised by the Federal Ministry of Finance.

iii) Government should mount a serious programme of campaign and re-orientation aimed at de-emphasising the country's taste for foreign-made goods, particularly those under import prohibition, and changing our attitude to the acquisition of material wealth, and emphasizing the evil effects of smuggling in our society. The leadership should show example in this respect;

vi) Government should intensify the diplomatic measures, especially with our neighbouring countries, to prevent the entry of smuggled goods into Nigeria through our common borders with the countries concerned, while ensuring that strict surveillance of our ports and borders with the outside world is stepped up;

v) Government should without further delay review our relevant laws and regulations on smuggling and ensure their strict enforcement against all violators and collaborators, irrespective of their social and economic status;

vi) Consistent with an earlier recommendation elsewhere in this report, the country's existing laws on slander, libel and defamation should be reviewed with a view to making the press and Nigerian citizens freer to expose smugglers and their collaborators. Truth should be an acceptable and legitimate defence in such cases.

vii) Our method of selection and deployment of customs personnel should be strictly reviewed in order to ensure that only those who are well qualified in terms of relevant education, training, transparent integrity and moral probity are employed as customs officers.

DOMESTIC PRODUCTION AND RETURNS TO FACTORS

The Committee examined all factors of production and their influence on domestic production. We looked at factor prices and returns with particular reference to productivity and cost of production in the economy as a whole. Emphasis was placed on those sectors of the economy that are large contributors to the Gross Domestic Product.

Agriculture

2. Taking Agriculture as a whole, we noted that apart from fisheries, there has been a steady decline in agricultural output over the last four years. The decline has been both in absolute terms (i.e. from ₦ 4.4 billion

in 1978 to ₦ 3.7 billion in 1982) as well as in relative terms (15% of Gross Domestic Product in 1978 to 13 % in 1982).

3. Of the many problems identified as causes of the decline the following are the most crucial:

i) poor prices of agricultural products resulting in low rural incomes;
ii) poor management of resources such as inputs, land, technology;
iii) financial and infrastructural constraints; and
iv) relatively on attractive rural environment.

4. The Committee believed that as a result of the above, the nation is now faced with a serious problem of lack of self-sufficiency in food production. We believe that our farmers are quite responsive to price incentives, and therefore are of the view that self-sufficiency can be achieved not only by direct public intervention but also by operation of market forces.

5. We therefore recommend further tariff measures to protect local agricultural producers. In the short run, this measure may aggravate the problem of inflation. Eventually, however, higher farm prices should encourage greater production and ensure greater price stability.

6. On the problem of inadequate access of farmers to the market, the Committee notes that the activities of middlemen such as Licensed Buying Agents are on balance harmful to the farmer, because they prevent him from gaining the full benefit of produce prices approved by the government. To ensure direct and more gainful contact between producer and buyer, the Committee recommends that the commodity production and marketing agencies of all governments should be encouraged to reach the farmer through farmers' co-operatives rather than through middlemen.

7. On the question of declining agricultural labour, the Committee notes that the mix of measures being recommended can only slow down the process of rural migration. Therefore, substituting machinery for labour will become increasingly necessary. But this can be successfully achieved only if accompanied by proper land development practices. Therefore, we recommend major and sustained efforts on land development throughout the nation. In order to reap early the benefits of land development, the Committee recommends that River Basin Development Authorities should involve both States and Local Governments in the selection of sites for development.

8. Furthermore, the Committee recommends that River Basin Development Authorities should concentrate on the development of infrastructure such as land clearing, irrigation and multiplication of improved seed varieties so as to reduce overhead cost to farmers. Actual crop production should be left to farmers – both small and large.

9. We recommend that the Governments should identify geographical areas within their jurisdiction with comparative advantage for the production of such products. While we believe that the River Basin Development Authorities are useful in stimulating agricultural production, we suggest a proper re-appraisal and re-orientation of these Authorities so as to achieve improved efficiency.

10. We recommend the establishment of State Agricultural Production Authorities to encourage the production of the various agricultural commodities in each State. At the same time the role of the existing Commodity Boards should be re-examined with a view to stream-lining it with that of the proposed State Agricultural Production Authorities. In addition, the Ministries of Agriculture and Natural Resources in the States should be revamped and properly utilized particularly for extension and research purposes.

11. Both River Basin Development Authorities and World Bank -- assisted projects should extend their activities to cover as much of the nation as possible.

12. On the question of agricultural financing, the Committee notes that Federal Government measures in this regard have been commendable. However, we recommend that lending institutions be directed by the Federal Government to set aside a definite but higher proportion of their total loans to small-scale farmers. This is in recognition of the fact that they have less access to commercial credit than the large-scale farmers.

13. In this regard, we recommend that the process of obtaining financial assistance from lending institutions should be simplified as much as possible. Extension staff of State Ministries of Agriculture should assist the farmers to meet all the formalities for loan application.

14. In addition, we recommend direct intervention by State and Local Governments to ease the issuance of Certificates of Occupancy (C. of O.) to bona fide farmers.

15. Finally, in order that funds from these and other concessionary measures of the governments on agricultural lending should not be diverted into other uses, such as trading, greater monitoring of activities of loan beneficiaries is recommended.

16. Adequate provisions have been made in the Fourth National Development Plan for private commercial participation in agriculture. Therefore, no additional provisions are deemed necessary. However, in order to encourage our youth to choose agriculture as a career, the Committee recommends that State Governments should make it mandatory for Primary and Secondary Schools to operate school farms on commercial basis. Apart from commercial gains to the schools, students would be exposed to and familiar with agriculture. Post-Secondary institutions like Polytechnics and Universities as well as the Army and the Prison Services should also be encouraged to establish their own farms.

Manufacturing

17. One of the major problems of manufacturing industry and indeed of the economy as a whole is the inadequacy of basic infrastructure, such as power, telephones, water, etc... This has been compounded of recent by the inadequacy of the supply of raw materials and spare parts. We have already recommended how to ameliorate the latter problem. In addition we recommend that specific tax incentives be established and specifically tied to the extent of local raw material utilization by manufacturers. The more local raw materials a manufacturer uses the less should be his tax burden.

18. We recommend that, starting from the fiscal year 1985, a series of essential raw materials and spare parts with potential for local manufacture, be gradually placed under the «Absolute Prohibition».

19. Finally, as an immediate measure the Committee recommends that the Federal Government should devise appropriate fiscal measures to compel manufacturers to contribute funds to the enhancement of applied research. We suggest that 5% of profits after tax should be invested by companies on research or local raw materials.

Wholesale and Retail Trade

20. The Committee noted the activities of middlemen and their effect on prices. We noted also that the only satisfactory long-term measure is increased production of goods. As a short-term measure, however, we recommend the setting up of consumer co-operative shops all over the country by State and Local Governments. Major companies should then be directed to give the Cooperatives priority in the distribution of their goods all over the country. We further recommend that State and Local Governments should encourage the formation of Consumer Protection Agencies to monitor cases of exploitation of consumers.

Communication

21. The Committee noted that this sector constitutes a serious constraint to the growth and development of the Nigerian economy. In the light of this, the Committee recommends greater investment in this sector with a view to ensuring efficient management and expansion of the facilities.

Returns to Factors

22. The Committee noted that the present salaries and wages structure in the country is a product of the oil boom era. Given the current dwindling flow of oil revenue, it is obvious that the country cannot sustain its present wages and salaries structure and at the same time meet its other financial and capital development commitments. This is due not only to the substantial increase in the number of people put on the pay-rolls of the public sector, but to the level of wages themselves resulting from trade union demand, proliferation of institutions, political patronage and inflation. A most urgent problem is therefore how to bring the wage bill down to manageable levels.

23. We, therefore, recommend that the Governments seek the cooperation of the labour unions to effect a general wage freeze for both the public and the private sectors throughout 1983 fiscal year in the first instance. As a complement there should also be a freeze on prices particularly of local manufactures for the period of the wage freeze.

24. We have already recommended the suspension of allowances given to public officers. We recommend that private sector be encouraged to adopt similar measures. Where allowances continue to be paid in the private sector, these should not be tax-deductible.

25. In order to promote greater industrial harmony, the Committee recommends increased dialogue with labour unions both at national and State levels. It is the opinion of the Committee that the country labour unions in particular, are fully appraised of the very real problem of the economy. This, we believe, would make them more amenable to appeal for restraint from governments.

26. The Committee noted the harmful effects of strikes on the economy and recommends:

i) A suspension of strikes for a period of one year while negotiations between employers and employees continue on outstanding issues;

ii) Employees who are on strike should receive no pay for the duration of the strike;

iii) Strikes should be made illegal for essential services, and security forces should be organized and equiped to step in, in case of emergency; and

iv) Sympathy strikes should be made illegal.

27. The idea has been noted that State Governments should not be subjected to wage levels negotiated with unions at national level. The alternative, that each State be allowed to reach separate agreement with labour based on its ability to pay has great appeal. But the Committee feels that if States tried to tamper with the present arrangements, they may merely unleash further labour unrest on a scene that is already far from calm. The Committee therefore recommends a continued joint approach by the Federal and State Governments to labour problems.

Employment

28. Members agreed that there is an acute unemployment problem in the system. The Committee identified three kinds of unemployment problems:

i) Unemployment of Primary and Secondary School leavers who are mainly in the lower income group;

ii) Unemployment of graduates of higher institutions.

iii) Unemployment of people who lost their jobs through retrenchment in the private sector.

29. The Committee found it contradictory to attempt to solve the problem of unemployment while retaining the current policy of a ban on employment in the States. It therefore recommends that all States Governments should lift the ban on employment so as to provide the psychological atmosphere necessary for the private sector to at least maintain present level of employment. Governments should also give greater priority to projects that are labour-intensive.

30. The Committee further recommends the popularization of government labour offices for the proper flow of information on vacancies and unemployment of the lower income group.

31. The Committee noted the problem posed to the manufacturing sector as a result of the current economic recession but feels it would be necessary for government to intervene and check the present indiscriminate

retrenchment of workers by companies that had over the years consistently made profits. We therefore recommend that the approval of the Federal Ministry of Labour should be sought and obtained by any company contemplating to retrench Nigerian staff.

32. With respect to labour mobility, we note that many Nigerians do not like to work in the rural areas. Many States are therefore forced to rely on foreign labour. We, therefore, recommend:

i) greater use should be made of the National Youth Service Corps (NYSC). In particular, all Corps member, except medical personnel, should be made to teach. Adequate incentives should be given to work in the rural areas;

ii) concerted efforts should be made to remove all obstacles hindering free mobility of labour and capital throughout the country.

33. The Committee noted that the present hours of work are not conducive to high productivity and therefore, recommends that the hours of work in the public service be changed from what obtains at present to 8.00a.m. – 1.00 p.m. with an hour break and then 2.00 p.m. – 5.00 p.m.

34. It was the opinion of the Committee that there are too many public holidays in the country. The Committee, therefore, recommends a review downwards of the present situation.

MONETARY AND FISCAL POLICIES

The Committee noted the general aims and objectives of monetary and fiscal policies in Nigeria and identified a number of sectors whose behaviours influence our current economic circumstances.

The Central Bank

2. The Central Bank, in collaboration with the Federal Ministry of Finance and the Federal Government, determines and operates the monetary policies of the Government through the determination of the supply of money, the distribution of the available permissible money and credits; the general supervision and control of the financial institutions and the management of the nation's external reserves. The Committee observed that the autonomous and independent position of the Central Bank is not, at present, adequately guaranteed. It noted that the Federal Ministry of Finance is the supervising Ministry of the Bank. Although the Committee noted the recent practice whereby the Governnor of the Central Bank is brought into the meetings of the President-in-Council at the appropriate time, it is the view of the Committee that in order that the Central Bank may be able to perform its role effectively in the economy, it should be independent of the Federal Ministry of Finance and be accorded similar institutional status as its counterparts in countries with similar constitutions as Nigeria's. Thus, the Bank should deal directly with the President of Nigeria and not through the Federal Ministry of Finance.

3. The Committee further recommends that all monetary policies and policy changes should be announced by the Governor of the Central Bank, after due consultation with the necessary arms and agencies of the government, rather than that such announcements should be made by the Federal Minister of Finance. This is the usual practice in most countries with effective Central Banks. It ensures less politicisation of monetary policies and strengthens their compliance by all concerned.

Money Supply and Credit

4. The Committee examined exhaustively issues relating to the quantity of money supply in the country and noted that a large proportion of the money created in this country leaks out of the system besides the large sums that are hoarded at home and abroad by some wealthy Nigerians. In order to take care of the leakage to the external sector and the practice of hoarding, the Committee recommends remedial measures elsewhere in this report (See p. 84, Para 13).

5. The Committee supported the annual measures taken by the Central Bank of Nigeria in issuing Credit Guidelines. The Committee, however, recommends that the interest rates for agriculture and small-scale industries should be kept under constant review with a view to enhancing productivity in these sectors.

6. At present, the Commercial and Merchant Banks make loans to the government sector and to any agency or institution fully owned by government under the 3% CBN Guideline B (VI) to the Commercial Banks and Guideline B (V) to the Merchant Banks. It was also noted that institutions of Government are unduly starved of credits because Commercial Banks treat applications for loans to execute projects in which governments are involved, even as minority shareholders, as coming under the 3% in the Central Bank of Nigeria Credit Guidelines. The Committee considered this attitude as unfortunate and therefore recommends that all applications for loans to execute projects in which government is a minority shareholder should be appropriately classified and treated as agricultural, industrial, and/or commercial projects, as the case may be.

7. The Committee also recommends that the governments should take full advantage of existing loan facilities available in all financial institutions. It was observed that much as the Central Bank Credit Guidelines are praise-worthy majority of those who are supposed to benefit from the available credits are not aware of the provisions. Even many branch managers of banks and other financial institutions have no copies of the circular(s) at all, or on time. The result is that the intentions of the guidelines are perverted or defeated. The Committee recommends that the guidelines should be widely circulated and made known through the press, television, radio, the financial institutions and the Federal, State and Local Governments, business organisations and individuals. This is particularly necessary with respect to the provision on loans to indigenous borrowers (80% of total loans) and loans to rural areas (at least 30% of total deposits collected

from such areas). The Committee further recommends that in order to ensure full attainment of the objectives of the Credit Guidelines, the Central Bank should strengthen its supervision and monitoring departments throughout the country.

8. Savings and investment are channelled through the banking and other financial systems. The more efficient and numerically adequate the financial institutions are, the more they will be able to provide banking facilities and mobilise savings for productive investment. To this end, the Committee recommends the introduction of more competition into the country's commercial banking system. That is, approval should be given by the Federal Government for the opening of more commercial banks in the country. The Committee appreciated the Central Bank's current programme of rural banking and recommends that the bank should give directives to the existing commercial banks to open more branches in both the urban and rural areas of the country.

9. The Committee noted that branch managers of commercial banks, particularly in the rural areas, are given too little powers with respect to processing applications for an approval of loans, because loan approval authority is unduly concentrated at their headquarters or district offices. This situation leads to undue delay in the lending activities of the banks and consequently retards or negates the compliance of the banks with the Central Bank guidelines particularly as they relate to agricultural and industrial loans. Some loan applicants for viable projects wait for as long as two to three years and have to travel up and down from their places of residence to the bank district offices and headquarters before the loans are approved or rejected. The Committee also noted the corrupt practices that go on between the banks and the lenders before many of the loans are even disbursed leading to higher interest rates than those stipulated in the CBN Guidelines. The Committee therefore recommends that the Central Bank should look into these problems with the authorities of the Commercial Banks with a view to removing these abuses and facilitating easier processes at all the branches of the Commercial Banks.

10. The Committee recommends that the powers of the State branches of the development banks be enhanced so that they can carry out development objectives more effectively.

11. The Committee noted that commercial banks, in particular, commence operations invariably at the same time as other non-banking offices and business houses and close to the public earlier than the official closing time of most of these other offices. The Committee noted that this practice does not facilitate the most effective use of the services of the commercial banks as the time the banks have for attending to their customers is limited, inconvenient to those who want to stay at their jobs, and inadequate. The Committee, therefore, recommends that in order to rectify the existing situation and increase banking time, the commercial banks should be made to work not only during the weekends including on Saturdays, but also operate two shifts during the week so that they will close much later than other offices as is the case in many countries of the world.

12. The Committee expressed alarm at the rate at which cheques issued bounce in the country. The consequence is that cheques are increasingly being rejected as a means of monetary transactions. We draw attention to the fact that there is a law providing penalties for the issue of bounced cheques. The law should be reviewed in order to make it more effective and easier to invoke and enforce.
13. The Committee is concerned with the frequency with which government and public authority cheques bounce and calls on these institutions to provide the necessary leadership in restoring confidence in the cheque system.
14. The Committee recommends the expansion of Revenue Courts to handle cases of dud cheques with despatch and also that sufficient publicity be given to the law governing dud cheques.

The Federal Savings Bank

15. The Committee was briefed on the present role of the Federal Savings Bank, its problems and potentialities, with particular reference to its role in stimulating savings and investment as well as the facilitation of credits in the rural areas. The Bank has only 15 branches, located mainly at State Capitals, and 630 postal centres which act as its agents throughout the country. The Committee is of the view that the Federal Savings Bank can be profitably used to bring banking services and credits closer to the rural areas and thereby supplement rural banking efforts of Government. To facilitate the achievement of these objectives, the Committee recommends that the Federal Savings Bank should be reorganized, its services improved and expanded to include handling transactions related to postal orders and money orders. The Committee further recommends that responsibility for money and postal orders should be transferred from the Posts and Telecommunications Department to the Federal Savings Bank. The Posts and Telecommunications staff currently handling duties involving sale and redemption of postal and money orders should be transferred to the Federal Savings Bank. The Committee also took note that the Federal Savings Bank is already considering giving loans to small and medium-size enterprises and individual borrowers and recommends that the Bank should be encouraged and assisted to perform the role effectively.
16. The Committee noted with dismay the rate at which money and postal orders are being rejected and the increased difficulties encountered in cashing them at the post offices and at all the banks. It appears that Nigerian postal orders and money orders are as a result fast ceasing to be instruments of monetary transactions. The Committee recommends that the issue and redemption of both domestic and foreign postal orders and money should be exclusive responsibility of the Federal Savings Bank. The existing post office staff charged with the responsibility for selling and redeeming postal orders and money orders should be absorbed by the Federal Savings Bank.

Insurance Companies

17. Insurance Companies are already involved in both short and medium-term investment in Government Development Stocks, Treasury Bills and Securities and in investment in private companies as well as in real estate development, in addition to granting loans to their policy holders. The Committee, however, noted the inadequacy and irregularity of returns from the Insurance Companies to the Central Bank of Nigeria and recommends that the Insurance Act should be amended to compel all Insurance Companies in the Country to send regular returns to the Central Bank.

18. The Committee further noted that almost all the existing 84 Insurance Companies in Nigeria reinsure, individually, the greater part of their risks abroad, thereby worsening the foreign exchange problems of Nigeria. The Committee noted that the Nigerian Reinsurance Corporation was established to reinsure at least 20 % of the risks of all Nigerian Insurance Companies. The Committee recommends that in place of individual insurance companies reinsuring abroad, all such companies operating in Nigeria should be made to reinsure 100% of their risks with the Nigerian Reinsurance Corporation while the Corporation should then decide what proportion of the total risks to reinsure abroad, provided that the Nigerian Reinsurance Corporation reduces to the barest minimum the proportion of such risks to be insured abroad.

19. The Committee noted that an insurance company is required to deposit a minimum of ₦ 150,000 with the Central Bank before it can commence insurance activities and that the interest paid on the deposits are only about 3% per annum. The Committee recommends that the Central Bank Credit Guidelines should apply to such deposits, particularly as the Central Bank is free to re-invest the deposits in government stocks, bonds and bills.

Fiscal Measures

20. The Committee noted with concern the present mode by which both the Federal and State Governments present their annual budget estimates and the inadequacy of the statistics currently being provided in those budget estimates, particularly with regard to expenditure. It therefore recommends that Government draft budget estimates should show estimates for the coming year, revised estimates for the current year and actual revenue and expenditure figures for the preceding year as was the practice in the past. The Committee also noted that regular auditing for public accounts has become lax since 1976 with the result that most of the States and the Federal Government have not had their accounts audited since the last 5 years. It recalled that the existing Public Administration/Public Finance law provides that Government should publish its audited accounts not later than nine months after the end of the fiscal year. The Committee recommends that this law should be strictly adhered to and enforced by all governments.

21. The Committee also noted that there is now a tendency for competition on the size of budgets amongst State Governments which do little or nothing to balance their budgets. It recommends that the States should endeavour to present their budgets and manage their resources in such a way that there are surpluses on recurrent accounts to enable them have funds which they can transfer to the capital account for the implementation of their capital projects. The Committee recommends that under no circumstances should there be a deficit on recurrent account.

22. The Committee noted that because of massive and increasing cases of fraud, Government is losing a lot of revenue from import duties and regretted that Governments are aware of the situation but have not tackled it very effectively. The Committee recommends that if Governments are serious about its revenue situation, they should take punitive measures against all those involved in such malpractices. It further recommends that persons found trading in banned commodities should be arrested and duly prosecuted.

23. The Committee noted that Government has not been maximizing the potential revenue that could accrue to it under the income tax system. It therefore recommends that more efforts should be made at tax collection and that Local Governments should be associated more closely with the collection of income tax revenue. It noted that in view of the fact that rich businessmen and contractors hardly pay tax, Government should ensure that all taxes due from contractors and consultants handling Government projects are deducted at the point of making payments to them.

24. The Committee observed that many small and medium-size companies do not pay tax at all. It recommends that the Federal Government should delegate to the State Governments and to the Local Governments the identification of such companies on behalf of the Federal Government.

25. The Committee noted that the tendency to evade tax is so rampant in the country that unless drastic measures are taken, revenue from all kinds of tax will diminish rather than increase from one year to the next. More damaging to the nation at large is the fact that refusal or failure to pay tax is tantamount to consuming the resources of the country without contributing to the building of the resources. The Committee therefore feels that the time has come when tax evasion must be eradicated from all levels of the society, individual or corporate. The Committee recommends that the Federal, State and Local Governments should embark on a programme of direct enforcement of all existing tax laws. In particular any violations of these laws should, without discrimination, be prosecuted and penalised as provided in the laws.

26. The Committee recommends that, as in the case of World Bank loans, the possibility should be explored whereby the Federal Government can raise all external loans on behalf of the State Governments.

FUNDAMENTAL STRUCTURAL CHANGES

The Economic Stabilization measures of 1982 and 1983 are primarily crisis management package. We recognise and accept the rationale and the circumstances of the thrust of the measures. Crisis management primarily involves restraint, including cut-backs in a number of sectors to restore balances particularly in the government and external accounts. Hence we have policies related to the budget, credit, deficit, import, and prices. It is, however, important to keep in mind and it is our belief that a medium and long-term solution to our economic problem would require more than policies directed towards our immediate crisis. Our fluctuating economic fortunes in the last decade or so is a pointer to the vulnerability of our mono-economy. The economy is too fragile and hardly responsive to policy decisions within the system because of the dominance of the external sector. This character invariably makes planning and plans ineffective, because the dominant parameters in such plans are usually only sensitive to exogenous factors outside the control of policy makers. This painfully explains the limitations of our current policies directed towards the recession.

2. We believe that what the economy needs is a fundamental structural adjustment, directed primarily towards self-reliance. The period of crisis as the one we are currently experiencing ironically provides a unique opportunity to effect such fundamental structural adjustment. The process would no doubt be painful but the adjustment in our view offers the best prospects for a virile and responsive economy.

3. Structural adjustment requires a broad set of mutually consistent and interacting policies which are directed towards the restructuring of major economic activities including production, resource management, distribution, and consumption. We need therefore to restructure our economic activity through improved incentive systems, priorities in government budgeting, etc... We need to rationalize production to increase the use of local resources, increase capacity and manpower utilization and reduce unproductive activities. Above all, we must improve planning and control systems through effective budgeting, monitoring, evaluation and enforced implementation of priorities.

4. Below we make some suggestions directed towards structural adjustments in selected sectors of the economy to demonstrate our position. We, however, recommend a comprehensive review of the economy and policies with a view to achieving the objectives set above.

Revenue

i) The Oil Sector: Nigeria has been most vulnerable within the OPEC because we have not diversified within the oil industry. Despite our being a major producer of crude oil, we still import a significant proportion of our domestically consumed refined petroleum and petroleum products. The Liquefied Natural Gas (LNG) and Petro-chemical projects have been long over-due. We therefore recommend that:

(a) Until we develop the capacity to process our crude oil locally, we should acquire refinery facilities outside the country to refine a high proportion of our crude oil for sale and home consumption. The price of refined oil is not subject to OPEC ratification.

(b) We use our position in OPEC to get the Organization to adopt a realistic and competitive pricing policy which would allow individual members more degree of flexibility while maintaining the main objectives of the Organization. On our own, we should adopt an aggressive marketing posture whether in glut or scarcity periods. In fact it is in times of good marketing conditions that we should provide incentives to increase our share of the market.

(c) The Government should enter into direct trade negotiations with friendly Governments all over the world with a view to reaching long-term sales agreements with them as is done by other oil-producing countries.

(d) We set up an Oil Market Intelligence Body comprising experts to monitor and forecast the trend in the oil market. This should provide an early warning system, and review and advise the Government on the relevant parameters in the oil market.

(e) We give more attractive incentives to oil-producing companies to enable them offset increasing cost of offshore oil exploration and production.

(f) The LNG and Petro-chemical projects should be pursued and executed with all vigour, the present recession notwithstanding. We believe that with the down-stream industries that would be generated they will go a long way to stem any future recurrence of recession.

ii) General : Revenue departments of the Federation should review the existing tax structures and provide a comprehensive and consistent set of taxes geared not only to raise more revenue but also to effect rapid industrial development of the country as a whole.

External Sector

(a) The basis for the allocation of foreign exchange should be reviewed. It should be such as would introduce an element of certainty in the disbursements, and also ensure both that manufacturers are induced to utilize local inputs and that consumers give preference to local producers.

(b) In place of ad-hoc application for import licence, all companies and other importers should indicate annually the goods which they have to import in a twelve-month period, and they should justify such import requirements. Permit should be granted and foreign exchange allocated on the basis of national needs and priorities.

(c) Furthermore, manufacturers that utilize imported raw materials should be given specific time limits to divert to the use of local raw materials where the availability of such local raw materials is feasible, after which no more foreign exchange will be made available to the industry. There should be a package of incentives to industries carrying out research into local sources of raw materials. Expenditures on such items may be made tax deductible.

(d) For the proper management of our foreign exchange reserves, all import items should be placed on licence, with some few exceptions such as drugs, laboratory and hospital equipment and books. Even for such items there should be a specified foreign exchange allocation to be managed by the Central Bank of Nigeria. In recognition of the efficient administrative outfit required to handle what is proposed above, we have recommended elsewhere a complete reorganization and restructuring of all agents connected with the importation of goods and services.

(e) Our trade policy should be more discriminating. Import licence should be used as a trade policy instrument to discriminate against trade areas and goods constituting a problem to the economy. We believe that our tenacious and strict adherence to the rules of international bodies to which we belong is often, to say the least, a misinterpretation of our importance in such organizations.

(f) We recommend a body to continuously monitor and forecast the trend and policies of outside economies whose behaviour seriously affect our economy. Information derived from such continuous monitoring could be used to the greatest advantage.

Industries

(a) The public sector should see itself as primarily providing the necessary atmosphere and inducement for industries to grow rather than as competitors with the private sector. All tiers of government should therefore disengage or roll back participation in commercial business except in areas where absolutely necessary.

(b) To provide favourable atmosphere for industrial growth, industrial policies should be consistent and as much as possible should not be subject to constant and erratic changes. There may be need to review our budgetary procedure in this respect.

(c) It is an open fact that it is very difficult to set up an industry, whether small or large, in this country. Serious attempts must be made to remove all bottlenecks and delays within the process. This cannot be over-emphasized. Outside registration, we find very little need, for instance, for the Ministry of Industries' approval before a small-scale industry with little or no foreign exchange implication can be established in a rural area. This practice should be abolished forthwith.

(d) The use of Approved User Scheme should be completely reviewed. We believe it has outlived its usefulness. Besides, it is a source of fraud by unscrupulous manufacturers who use it to siphon out large sums of money from the Nigerian economy. Its operation has also encouraged manufacturers in their near nonchalant attitude to search for local raw materials. Its use should be more oriented to local-value-added and this function should be easily absorbed in a restructured import licensing institution.

(e) Access to foreign exchange should be properly streamlined and should only be in accordance with set priorities over a period of time to allow both public and private sectors proper planning. But related information should be exchanged clearly within the system to allow optimum use of available foreign exchange.

(f) There should be a deliberate movement away from 'assembly' – type industries to actual manufacturing. Assemblies have very little local value added and are a deliberate invitation to consume our limited foreign exchange. In this regard, we may need to review our stand on the newly approved assembly plants for light commercial vehicles, with a view to cutting down the number drastically because they constitute a major foreign exchange drain and with a view also to placing them in line with the recent move to control and standardise the type of motor vehicles in this country.

(g) We recommend that the Nigerian National Petroleum Corporation (NNPC) should get more involved in all stages of oil activity, in particular those of exploration, and appraisal and development. This is with a view to sharing the risks as well as the benefits of prospecting for oil with the oil companies. It is noted that for the economy as a whole the risks are much smaller than for an individual oil company. With the resulting greater certainty by NNPC about the location of oil, it can grant concessions to the oil companies on terms that are more attractive to Nigeria. This has the added advantage of greater involvement by Nigerians in the oil industry as well as giving the country better information on its oil reserves and potential.

Agriculture

(a) All agents connected with the production and distribution in the agricultural sector should be mobilized, streamlined and properly co-ordinated in order to achieve optimum results. There is not enough mobilization at the grass roots levels by all tiers of government.

(b) Importation and sale of fertilizer should be regularized and preferably handed over to the private sector. With appropriate tax incentives, it should be possible to get them to the farmers as cheaply as and more effectively than the present glaringly wasteful method.

(c) Emphasis should be placed on small-scale dams and irrigation schemes in the rural agricultural areas, with a complement of infrastructural support such as rural water bore-holes and electricity supply.

(d) The role of the Commodity Boards in the present day agriculture requires an indepth review. This review should be seen differently from the issues of ownership of the Boards which we believe are irrelevant to our present circusmtances.

Employment

(a) The problem of unemployment has become a major one which should be tackled headlong rather than through policies which may only have indirect consequences on employment. It is ironical that governments and some private companies award large amounts of contract to local and expatriate private companies and yet Nigerian professionals find it difficult to get employment in such companies. In order to remove this anomaly, contracts of certain magnitude should include an agreement on the employment of number of relevant Nigerian professionals, and payment should be conditional on the fulfiment of the terms of the agreement.

(b) Certains types and value of contract and consultancy projects should be reserved for Nigerians.

(c) Certain categories of professionals and those working in the rural areas should have improved and better conditions of work. Teachers in particular should be given an enhanced salary scale and allowances and more so when they opt to work in the rural area.

(d) Governments should gear up efforts to improve the conditions in the rural area by way of provision of pipe-borne drinking water, electricity and medical facilities.

Ethical Revolution

Fraud, corruption and other unethical dealings have become very serious problems in Nigerian society and constitute serious constraints to development. We recommended that:

(a) The law of libel, sedition and defamation should be reviewed to facilitate the exposure of fraud and other unethical practices in the Nigerian society. Truth should be a legitimate defence in this regard;

(b) Governments should take special care to ensure that the right people, able and dedicated, are placed in the right places in government institutions even within the constitutional requirements for geographical spread;

(c) All Governments should return to the days of low profile and instil a sense of realism of our economic conditions on the populace;

(d) No public officers should receive a traditional title while in office because this tends to encourage extravagance and corruption.

Institutions

No structural adjustments will be effective unless those that are to implement them are able and dedicated and unless the implementation machinery is efficient. Government Ministries and Departments have grown over the years. Besides their inflated size with the inherent bureaucratic bottlenecks, they have not been adopted from the Parliamentary to the Presidential system of Government. We recommend that:

(a) The governmental machinery be overhauled and re-structured with a view to making them efficient at reduced cost and responsive to the requirements of the Presidential system of government;

(b) The types of forms and licences for external transactions and the machinery for assuing and obtaining them should be re-examined with a view to restructuring and streamlining them;

(c) Ways be explored for fostering close cooperation between the Federal and the State Government in the implementation of economic and social development policies and programmes and for mobilizing the resources of the three tiers of government jointly for the development of the economy and the welfare of the populace.

Technology

Restructuring the economy must necessarily give prominence to technology. Initial emphasis should, however, be given to small-scale technology that can be readily absorbed by the rural sector of the economy.

Diversification of the Economy

(1) As argued elsewhere in this report,our fluctuating fortunes in the last decade or so, is a pointer to the vulnerability of our near total dependence on oil. We therefore believe that diversification of our economy for revenue sources, foreign exchange, employment and even consumption should be accorded the highest priority, while other agricultural crops for food and raw materials and for local industries require no less urgent attention. We are blessed with good weather, fertile and generous farm land and, above all, a virile population to carry out the urgently required transformation in the agricultural sector.

(2) We further believe that our industrialization pattern needs a complete re-orientation and emphasis. Our industrial sector is too external dominated and it is therefore neither sympathetic to our problems nor does it easily respond to our policy prescriptions. Besides, the sector constitutes one of the major sources of out-flow in the economy. We believe we need to review our import constitution policy. Emphasis should from now on be placed on an industrial policy that would make minimum demand on our foreign exchange, use our local raw materials, and employ small and medium-level technology with high employment content.

(3) The Committee observed with dismay the domination of our consumption pattern and taste by the foreign sector. This is partly explained by the dominance of the foreign sector in agriculture and industries. The committee, therefore, recommends that we effect policies in the latter sectors including the import sector that would serve to shift consumption pattern to home-made goods.

Table 1: Gross Domestic Product at 1977/70 Factor Cost

₦'m

SECTOR	1978/79	1979/80	1980	1981	1982
1. Agriculture	4,424.15	4,274.69	4,087.81	3,872.21	3,744.42
2. Livestock	1,178.59	1,106.03	1,123.55	1,138.03	1,109.29
3. Forestry	280.37	275.89	270.65	264.49	250.22
4. Fishing	1,562.26	1,629.49	1,667.06	1,696.67	1,788.23
5. Crude Petroleum	6,449.37	7,512.52	6,911.62	4,719.61	3,984.40
6. Other Mining & Quarrying	792.19	758.89	743.46	724.29	914.02
7. Manufacturing	1,778.44	1,908.55	2,244.76	2,508.41	2,594.91
8. Utilities	116.34	134.00	156.07	185.28	202.36
9. Construction	2,875.88	2,778.88	3,056.00	3,204.08	2,903.18
10. Transport	1,046.96	1,122.71	1,247.04	1,390.89	1,335.55
11. Communications	56.88	61.13	64.36	67.00	73.73
12. Wholesale and Retail Trade	6,203.51	6,911.52	6,928.80	6,919.85	6,716.50
13. Hotel and Restaurants	82.00	92.29	101.14	109.66	113.05
14. Finance and Insurance	743.86	770.84	801.73	977.87	1,048.27
15. Real Estate & Business Service	107.97	107.96	110.51	114.20	118.86
16. Housing	1,074.37	1,077.22	1,091.50	1,105.88	1,155.08
17. Producer of Govt. Service	1,441.68	1,511.02	1,564.64	1,617.64	1,682.35
Total	30,234.82	32,033.73	32,173.73	30,470.51	29,815.22

Source: Federal Office of Statistics, Lagos.

*Estimate by the National Planning Office, Lagos.

Table 2: Gross Domestic Product at 1977/78 Factor Cost: Percentage Distribution

SECTOR	1977/78	1978/79	1980	1981	1982
1. Agriculture	14.6	13.3	12.7	12.7	12.6
2. Livestock	3.9	3.3	3.5	3.7	4.0
3. Forestry	0.9	0.9	0.8	0.9	0.8
4. Fishing	5.2	5.1	5.2	5.4	6.0
5. Crude Petroleum	21.3	23.5	21.5	15.5	13.4
6. Other Mining & Quarrying	2.6	2.4	2.3	2.3	3.1
7. Manufacturing	5.9	6.0	7.0	8.2	8.7
8. Utilities	0.4	0.4	0.5	0.6	0.7
9. Constructions	9.5	8.7	9.5	10.5	9.7
10. Transport	3.5	3.5	3.9	4.6	4.5
11. Communications	0.2	0.2	0.2	0.2	0.2
12. Wholesale & Retail Trade	20.5	21.6	21.5	22.7	22.5
13. Hotels & Restaurants	0.3	0.3	0.3	0.3	0.4
14. Finance & Insurance	2.5	2.4	2.5	3.2	3.5
15. Real Estate & Business Service	0.3	0.3	0.3	0.3	0.4
16. Housing	3.6	3.4	3.4	3.6	3.9
17. Producer of Govt. Services	4.8	4.7	4.9	5.3	5.6
Total	100.0	100.0	100.0	100.0	100.0

Source: Federal Office of Statistics, Lagos.

•Estimate by the National Planning Office, Lagos.

TABLE 3

Developments in Prices and Government Revenue from Crude Oil

Year	Production (million barrels per day)	Export (million barrels per day)	Posted Price ($/bbl)	Revenue to Government (₦ million)
1975	1.785	1.713	13.7	4,733 (1975/76
1976	2.067	2.013	14.0	5,498 (1976/77
1977	2.085	2.030	15.5	6,177 (1977/78
1978	1.897	1.827	14.9	4,809 (1978/79
1979	2.302	2.210	33.0	10,100 (1979/80
1980	2.054	1.940	44.4	9,489 (Apr. - Dec.)
1981	1.440	1.227	42.5	9,825 2/
1982	1.294	0.991*	39.0 1/	5,161 2/

* For the first nine months

1/ For the first eight months

2/ Estimates only

Source: Nigerian National Petroleum Corporation and Federal Government Budget Estimates

TABLE 4

EXPORT OF MAJOR COMMODITIES: 1975-82

COMMODITY	Quality (Thousand tonne unless otherwise stated)							Value (N million)					
	1976	1977	1978	1979	1980[1]	1981[2]	1982	1976	1977	1978	1979	1980[1]	1981[2]
1. Groundnuts	2	0.8	-	-	-	-	-	0.2	0.2	-	-	-	-
2. Groundnut Oil	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Groundnut Cake	29.0	0.5	-	-	-	-	-	3.4	1.0	-	-	-	-
4. Cocoa Beans	219.0	167.5	191.7	217.0	221.3	219.3	112.8	218.9	311.2	377.9	432.2	311.0	300.9
5. Coco Butter	6.0	7.7	4.2	5.0	4.3	5.4	6.6	14.5	30.5	17.6	10.1	19.0	16.3
6. Other Cocoa Products	6.0	0.2	5.5	5.0	4.0	5.3	6.5	4.9	20.6	13.0	4.1	5.6	0.4
7. Crude Petroleum (a)	958.7	1,002.4	604.0	818.7	712.1	48.7	302.0	6,321.3	7,072.8	5,401.6	10,050.5	13,705.5	10,453.2
8. Palm Kernels	272.0	136.0	56.0	50.9	49.6	52.4	46.9	27.0	32.9	12.7	11.0	11.5	11.3
9. Palm Kernel Meal & Cake	27.0	10.5	19.0	N/A	N/A	10.6	N/A	1.0	1.0	1.9	N/A	N/A	1.6
10. Palm Kernel Oil	13.0	14.4	15.5	16.3	N/A	15.2	N/A	3.2	3.5	3.9	4.1	N/A	3.[illegible]
11. Rubber	34.0	23.5	30.9	34.2	31.0	33.7	36.4	14.4	11.5	12.6	10.0	11.0	9.6
12. Raw Cotton	-	9.4	3.4	2.6	2.6	2.1	-	-	10.1	4.2	2.0	2.6	2.3
13. Cotton Seed	-	4.0	5.0	1.5	-	1.3	-	-	0.2	0.3	0.5	-	0.2
14. Benniseed	-	4.2	5.7	-	-	-	-	-	1.4	2.0	-	-	-
15. Palm Oil	31.3	-	3.2	-	-	-	1.3	0.5	-	-	-	-	-
16. Tin Metal	4.7	-	1.3	1.3	1.1	1.2	-	15.5	-	9.4	10.0	9.0	7.4
17. Hides & Skins	2.9	2.0	1.1	0.2	0.5	0.0	-	6.0	5.7	3.0	2.6	2.4	2.0
18. Coffee	1.1	2.0	0.7	0.0	-	-	-	5.4	4.7	0.5	0.0	-	-
19. Timber & Plywood (b)	105.5	11.2	.	.	-	.	-	0.4	0.5	0.1	.	-	.
20. Total major Commodities	-	-	-	-	-	-	-	6,638.2	7,517.7	5,862.3	10,342.5	14,580.0	10,025.6
21. Other Commodities								112.9	114.0	193.7	28.9	117.9	49.3
22. Total All Commodities								6,751.1	7,631.7	6,056.0	10,371.4	14,690.7	10,074.9

1/ Revised

2/ Provisionally estimated figures

National Planning Office, Estimates

TABLE 5

The Structure of Nigeria's Imports, 1976-1982
(₦ million)

	1976	1978/79 (average)	1978/79 to 1980	1980	1980 to 1981	1981	1978/79 to 1981	1982*	1978/79 to 1982
Food	441	987		1,438		2,116		1,524	
Increase			451 (46)		678 (47)		1,129 (114)		537 (54)
Manufactured Goods	1,136	1,697		1,982		2,641		2,318	
Increase			285 (17)		659 (33)		944 (56)		621 (37)
Chemicals	397	467		914		1,256		872	
Increase			447 (96)		342 (37)		709 (169)		405 (07)
Machinery and Transport Equipment	2,445	2,994		3,650		5,407		3,053	
Increase			656 (22)		1,757 (48)		2,413 (81)		859 (29)
Total Increases			1,839		3,436		5,275		2,422
Total Import	5,149	7,191		9,096		12,920		9,648	
Increases			1,905		3,824		5,729		2,457

Source: Federal Office of Statistics and Ministry of National Planning.
*Estimates.
( ) Percentage increase.

TABLE 6

IMPORTS BY END-USE AT CURRENT PRICES

	1974	1975	1976	1977	1978	1979	1980	1981
1. Consumer Goods								
(a) Non-durable Consumer Goods								
(i) Food	166.4	353.7	526.7	912.6	1,004.1	1,040.1	1,416.8	2,198.3
(ii) Textiles	31.5	81.3	65.0	38.9	41.9	73.2	92.4	202.6
(iii) Others	173.6	353.5	476.7	612.1	720.5	705.8	567.4	822.0
(b) Durable Consumer Goods	68.5	191.3	282.0	421.7	370.2	380.7	473.7	674.1
TOTAL	400.0	979.8	1,350.4	1,985.3	2,136.8	2,199.8	2,550.3	3,897.0
2. Capital Goods								
(i) Capital	490.1	1,136.6	1,515.0	2,129.8	2,595.5	1,576.9	2,228.7	2,661.3
(ii) Transport Equipment	124.9	371.1	729.6	1,012.5	1,233.8	988.7	1,770.2	1,818.7
(iii) Raw Materials	519.3	903.0	1,094.0	1,543.0	1,880.1	1,115.7	2,166.9	3,038.5
(iv) Fuel	55.4	100.2	175.0	128.6	156.7	116.4	173.4	187.2
TOTAL	1,189.7	2,509.9	3,513.9	4,813.9	5,866.3	3,799.7	6,339.2	7,705.7
Passenger Cars	97.0	220.3	261.0	297.4	350.1	169.7	206.1	1,316.9
GRAND TOTAL	1,726.7	3,710.0	5,125.0	7,096.6	8,353.2	6,169.2	9,095.6	12,919.6

Source: Federal Officer of Statistics, Lagos.

Footnote: 1981 figures are provisional
(i)* figures are estimates

TABLE 7

MONTHLY FOREIGN EXCHANGE FLOWS THROUG

BANK: 1980 1982

MONTH	1982			
	Inflow	Outflow	Netflow	Net Inflow
January	552.8	1,314.5	-761.7	929.0
February	1,282.6	1,235.9	+46.7	1,146.6
March	796.6	1,545.9	-749.3	1,254.8
April	654.8	858.3	-203.5	909.6
May	620.8	638.6	-17.2	1,787.9
June	815.9	714.3	+101.6	890.9
July	948.7	949.7	-1.0	946.8
August	901.9	954.7	-52.8	940.2
September	955.6	888.5	+67.1	517.9
October	959.5	758.3	+201.2	479.4
November	626.2	796.7	-170.5	731.2
December	855.8	676.8	-178.9	1,039.5
TOTAL	9,971.2	11,331.6	-1,360.4	11,574.2

Source: Central Ban

TABLE 7

...ICE FLOWS THROUGH THE CENTRAL ...
1980 1982

₦' Million

1981			19[illegible]	
Net Inflow	Outflow	Netflow	Inflow	Outflow
929.0	1,237.0	-308.0	816.7	804.3
1,146.6	1,161.3	-14.3	1,157.5	817.0
1,254.8	846.5	+403.3	1,172.0	917.8
909.6	1,198.8	-289.2	1,197.7	894.8
1,787.9	947.2	+840.7	1,352.7	1,035.8
890.9	1,499.0	-603.1	1,156.5	947.1
946.8	1,194.0	-247.2	1,467.0	1,025.8
940.2	1,103.0	-162.8	1,164.6	895.7
517.9	1,398.0	-880.1	1,398.3	1,060.9
479.4	1,236.0	-756.6	971.0	1,100.1
731.2	1,347.0	-615.8	1,047.3	1,068.2
1,039.5	1,379.5	-360.0	1,354.4	1,217.8
11,574.2	14,567.3	-2,993.1	14,255.7	11,805.2

urce: Central Bank of Nigeria, Lagos

Table 8

Balance of Payments: 1976–82

₦ million

	1978			1979			19	
	oil	Non-oil	Total	oil	Non-oil	Total	oil	Non-oil
1. Merchandise Trade (a)	5894.9	6666.6	-741.7	9206.8	-6239.4	2967.4	12005.4	-792
Exports (b) (fob)	6004.9	627.7	6632.6	9436.8	670.0	10106.8	12146.9	55
Imports (fob)	-110.0	7264.3	7374.3	-230.0	-6909.4	-7139.4	- 241.5	-617
2. Non-merchandise Trade net	-245.1	4229.5	1474.7	-216.0	-1508.4	-1724.4	-312.5	-186
3. Balance on goods and services	5649.8	7866.1	2316.3	6950.8	7747.8	1243.0	11692.7	670
4. Unrequited Transfer (net)	-	170.6	170.6	-2.9	-230.4	-233.5	-5.2	-31
5. Balance on Current account	5649.8	8036.7	3286.9	4587.9	7976.4	1009.5	11667.7	1009
6. Balance on Capital account	92.1	1019.8	1111.9	-4.4	817.6	813.2	-30.0	80
7. Balance on current account and capital accounts	5741.9	-7016.9	-1275.0	8963.5	-7160.8	1022.7	11657.7	929
8. Net change in banking assets	-	-	+1291.6	-	-	-1363.9	-	-
"+" indicates decrease in assets/ increase in liabilities, "-" indicates increase in assets/decrease in liabilities.								
Errors & Omission	-	-	-13.6	-	-	-46.2	-	-

Sources: Central Bank of Nigeria
1: (a) Adjusted for Balance of Payments 2.(b) Crude Oil Exports are valu
3: 1981 figures are provisional 4. Estimated.

₦ million

1980			1981			1982		
oil	Non-oil	Total	oil	Non-oil	Total	oil	Non-oil	Total
12005.4	-7920.9	4084.5	10216.4	-10559.0	-342.6	6716.9	- 37.2	479.7
12146.9	554.0	12800.9	10260.3	189.0	10460.0	6799.2	4.1	9063.3
- 241.5	-6174.7	-5716.4	-63.9	-10746.0	-10041.9	-82.3	-634.3	-8583.6
-312.5	-1863.8	-2176.3	-510.8	-2256.5	-2719.3	-268.2	-135.6	-1226.0
11692.7	6704.7	1908.2	9705.6	12767.5	-3061.9	3446.7	-10197.	-1748.3
-5.2	-310.0	-315.2	-7.8	-349.7	-357.5	-4.3	-260.1	-264.4
11667.7	10094.7	1593.0	9697.8	-13117.2	3419.4	8444.4	-10457.4	1012.7
-30.0	804.6	744.6	-93.7	568.7	+475.0	-20.0	+1255.5	1735.5
11657.7	9290.1	2367.6	9604.1	-12546.5	2944.4	6424.4	-2301.6	-777.0
-	-	-2402.6	-	-	-2967.0	-	-	+747.0
-	-	-35.0	-	-	-22.5	-	-	+29.4

Exports are valued at reali

Table 9

BANK CREDIT - END DECEMBER DATA: 1976-82

₦million

	1976	1977	1978	1979	1980	1981	Feb. 1982
Credit to the Private Sector	2,417.8	3,443.0	4,723.0	5,416.8	7,190.9	9,654.2	9,803.0
Credit to the Public Sector	199.5	2,086.4	3,336.9	3,438.5	3,596.6	6,614.3	6,862.0
Total Credit	2,617.3	5,529.4	8,059.9	8,855.3	10,787.5	16,268.5	16,665.0

Source: Central Bank of Nigeria

TABLE 10

MONEY SUPPLY: END OF DECEMBER DATA: 1976-1981

	1976	1977	1978	1979	1980	1981
Demand Deposits.	1,941.8	2,853.6	2,932.5	3,795.8	6,040.9	5,888.0
Currency outside banks.	1,351.2	1,940.8	2,157.2	2,350.8	3,185.9	3,861.9
Total Money Supply.	3,293.0	4,794.4	5,089.7	6,146.6	9,226.8	9,744.9
Currency in Circulation	1,488.3	2,162.6	2,381.7	2,703.4	3,589.5	4,847.7

ource: Central Bank of Nigeria

Table 11: National Consumer Indices, 1978–1981
Base Year: 1975 – 100

SECTION	URBAN				RURAL				ALL NIGERIA		
	1978 Index (% change)	1979 Index (% change)	1980 Index (% change)	1981 Index (% change)	1978 Index (% change)	1979 Index (% change)	1980 Index (% change)	1981 Index (% change)	1978 Index (% change)	1979 Index (% change)	1980 Index (% change)
Feed	196.3(26.5)	210.2(17.1)	233.5(11.1)	302.9(29.7)	168.5(16.4)	182.3(8.2)	195.2(7.1)	242.9(24.4)	171.9(17.1)	185.7(8.0)	199.9(7.6)
All Items	176.0(24.4)	195.6(11.1)	217.9(11.4)	263.2(20.8)	165.4(15.5)	185.0(11.9)	203.0(9.7)	245.2(20.8)	166.7(16.6)	186.3(11.8)	204.8(9.9)

Sources: *Federal Office of Statistics, Lagos.*

TABLE 12

FEDERALLY COLLECTED REVENUE: 1978/79–1982

Source	1978/79	1979/80	1980 Apr. 1-Dec.31	1981	1982
1. Customs & Excise	1,617.3	1,233.8	1,423.8	2.325.3	2,350.7
2. Petroleum	4,809.2	10,100.4	9,486.8	9,825.2	5,161.3
3. Company	522.0	550.7	444.7	514.7	550.0
4. Others	303.9	387.3	239.9	753.0	870.0
Total	7,252.4	12,272.2	11,595.2	13.418.2	8,942.0

Source: FRN, Annual Report of the Accountant-General of the Federation together with Financial Statements: 1978/79-80.

(2) FRN, Recurrent and Capital Estimates of the Federal Government 1981 & 1982.

*Estimates

TABLE 13

REVENUE AND EXPENDITURE OF FEDERAL GOVERNMENT: 1978/79-82

₦'million

Particular	1978/79	1979/80	1980 Apr. 1-Dec. 31	1981*	1982*
1. Federally Collected Revenue	7,252.4	12,272.2	11,595.2	13, 418.2	8,942.0
2. Appropriation to States	2,195.6	3,863.2	3,218.4	5,411.7	3,451.5
3. Retained Federal Government Revenue	5,056.8	8,409.0	8,376.8	8.006.5	5,490.5
4. Recurrent Expenditure	2,194.0	3,054.0	2,545.7	3,669.7	4,800.0+
5. Budget Surplus/Deficit (3 - 4)	2,862.8	5,355.0	5,831.1	4,336.8	690.5
6. Capital Expenditure	3,683.4	5,491.3	4,368.3	6,401.4	5,632.2
7. Net Budget Surplus/Deficit (5 - 6)	- 820.6	- 136.3	+1,462.8	- 2,064.6	-4,941.7

Sources: (1) FRN Annual Report of the Accountant-General of the Federation together with Financial Statements, 1978/79 - 1980.

(2) FRN, Approved Recurrent and Capital Estimates of the Federal Government, 1981 and 1982.

*Estimates.

+Revised Estimate.

Table I4

Revenue and Expenditure of all State Governments, 1978/79 – 1982

(₦ million)

PARTICULAR	1978/79	1979/80	1980* Apr. 1. - Dec. 31	1981 *	1982 *
1. Independent Revenue	383.5	474.0	387.7	667.2	744.2
2. Appropriations from Federal Government	2,195.6	3,863.2	3,218.4	5,411.7	3,451.5
3. Total Revenue	2,579.1	4,337.2	3,606.1	6,078.9	4,195.7
4. Recurrent Expenditure	1,862.6	2,247.0	1,915.4	2,907.6	3,219.6
5. Budget Surplus/Deficit(3-4)	716.5	2.090.2	1.690.7	3,171.3	976.1
6. Capital Expenditure	1,347.9	2.044.9	2,728.5	5,690.7	5,975.2
7. New Budget Surplus/ Deficit (5-6)	- 631.4	+ 45.3	-1,037.8	-2,519.4	-4,999.1

Sources: (1) State Governments' Accountant-Generals' Reports, 1978/79.

(2) Treasury Returns in Official Gazettes - various issues.

(3) Approved Reccurrent and Capital Estimates, 1979/80 - 81

THE GREEN PAPER ON THE STATE OF THE NIGERIAN ECONOMY*

INTRODUCTION

From Wednesday 19th October, 1983, to Friday 21st October, 1983, a Workshop was held on the State of the Nigerian Economy at Ahmadu Bello University, Zaria. The Workshop was organised by the Centre for Social and Economic Research and the Faculty of Arts and Social Sciences of Ahmadu Bello University, Zaria.

2. Invitations for the Workshop were sent out to scholars, government officials, trade unionists, managers, businessmen, politicians and all those involved in and interested in the study and organisation of the economy, all over the country. Although the poor state of the economy limited the number who could be paid for, or afford to come, a wide cross-section of the Nigerian public participated in the Workshop. Papers were presented on many aspects of the current economic crisis which the people of this country are acutely suffering from, and intensive discussions held.

3. The views of the Workshop on the recommendations of the National Economic Council and the Federal Government White Paper are set out below. But since the National Economic Council accepted, almost wholly, the recommendations of the Committee of Experts under the Chairmanship of the former Presidential Economic Adviser, Dr. J. S. ODAMA, which worked from 31st January to 4th March, 1983, the Workshop finds it essential to start by setting out its observations on the findings of the committee which constituted the basis of their recommendations.

A. – THE FINDINGS OF THE ODAMA COMMITTEE

4. The Workshop, after careful consideration, finds itself in general agreement with many of the *findings* of the ODAMA Committee with regards to the very serious failures and weaknesses of the Nigerian economy, and of the development strategy the country follows which produces and perpetuates these gross shortcomings. The Workshop therefore lists below fourteen major findings of the ODAMA Committee which it agrees with, and since these form the basis of their recommendations, and those of the NEC, feels that these *findings* should be brought out here using the actual wording of the ODAMA Report. These fourteen *findings* are:

1. GENERAL FAILURE OF THE 1970–1983 NIGERIAN DEVELOPMENT STRATEGY

(a) «The planned capital expenditure under the Second National Development Plan 1970/71 – 1973/74 was ₦ 3 billion compared with a total capital expenditure of ₦ 30 billion for the Third National Development Plan: 1981–85. These tremendous increases in planned expenditure

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* *Views of the Workshop on the State of the Nigerian Economy, on the Report of the National Economic Council's «Committee of Experts» and the Federal Government White Paper (26th Oct., 1983).*

were made possible by the *increase in the price of crude oil which nearly tripled between 1973 and 1974, and jumped from 11.7 dollars per barrel in 1974 to 40.0 dollars per barrel in 1980.* Together with increased production which had reached 2.05 million barrels par day by 1980, increase in posted prices for crude oil propelled Nigeria into the oil economy... While capital expenditure increased as infrastructural and other facilities were expanded and while the importation of machinery and equipment also increased, signifying expansion of industrial activities, *the much hoped for economic take-off was not realised»* (Emphasis ours).

(b) «It can be said that the money that was put into the hands of the members of the public through Government expenditure was not invested in the production of goods and services in Nigeria... It is estimated that for the period covered, about 60k of every one naira expenditure found its way outside the economy».

2. *MANUFACTURING*

(a) «It should be noted that while there was substantial increase in the importation of capital equipment there was corresponding increase in the importation of raw materials... All this tends to indicate that the imported machinery necessarily requires the imported inputs and that the industrialisation that had been taking place has been heavily foreign oriented».

(b) «Huge expenditure on infrastructural facilities was accompanied by incentives to the private sector to establish new industries or expand those already established. The incentives included approved user's scheme, granting of tax holidays, and accelerated depreciation of capital. The Governments also invested considerably in the manufacturing sector both through joint ventures with the private sector and through establishing state owned industries, especially for the production of intermediate goods. In spite of all these, the manufacturing sector has not made significant impact on the structure of the economy by way of contribution to Gross Domestic Product, provision of employment foreign exchange conservation and promotion of wider and more effective linkages among the different sectors of the economy. High level of importation of capital goods and raw materials has not been accompanied with high level of output or value added. Of course every investment has a gestation period, but the type of industrialisation whereby the machine, the raw materials and the management are all physically imported from the industrial countries, whose interests are obviously in conflict with those of Nigeria, cannot be expected to have much impact domestically.

3. *AGRICULTURE*

(a) «The non-oil exports dropped sharply from N 654.4 million in 1978 to about N 263.4 million in 1982, indicating that the attention given to agriculture was not adequate. This accentuated the vulnerability of the economy».

(b) «... there has been a steady decline in agricultural output over the last four years. The decline has been both in absolute terms (i.e. from N 4.4 billion in 1978 to N 3.7 billion in 1982) as well as in relative terms of (15 % of Gross Domestic Product in 1978 to 13% in 1982)».

(c) «High priority has been given to the development of agriculture. The programmes of «Operation Feed the Nation» has been succeeded by that of «Green Revolution». ...All the same the very visible rural-urban migration, the phenomenal increase in the importation of food, and the high level of prices for most food products all show that the agricultural development programmes are yet to make their impact».

4. PETROLEUM

«Oil production from non-OPEC countries therefore exceeded that from OPEC countries for the first time in 1981/82. Moreover, while world consumption of energy from oil fell from 51.4 % of total consumption in 1973 to 47.5 % in 1980, that of nuclear energy rose from 1.3 % to 3.7 % and that of solid fuels from 20.7 % to 21.8 %. It is projected that the consumption of energy from oil will fall further to 43.7 % by 1985. It is likely that OPEC's share will fall more. These indicates that the present problem of oil glut is a long-term problem. Nigeria cannot hope to be able to market her crude oil up to the 1978/81 level even when the world economy recovers. Temporary solution to the present economic problems will therefore not suffice».

5. INFLATION OF CONTRACTS

«The Committe is aware that the cost of most of the contracts are deliberately inflated with the result that the cost of construction in Nigeria is currently about three times the cost of executing similar projects in East and North Africa and four times of the cost in Asia».

6. STATE GOVERNMENT FINANCES:

«...the Committee noted that many states have arrears of salaries to pay to their workers, some as many as twelve months. Huge debts are owed to contractors and suppliers for the work completed or services rendered as far back as two years ago. Majority of the states are hanging precariously on massive overdrafts... It is clear from the above picture that many of the states are on the verge of financial collapse».

7. TAX–EVASION:

«The Committee noted that the tendency to evade tax is so rampant in the country that unless drastic measures are taken, revenue from all kinds of tax will diminish rather than increase from one year to next. More damaging to the nation at large is the fact that refusal or failure to pay tax is tantamount to consuming the resources of the country without contribution to the building of the resources».

8. SMUGGLING:

«The Committee critically examined the perplexing issue of smuggling and noted with dismay that smuggling has not only already become widespread in the country but it has also virtually succeeded in defying all existing government regulations and measures aimed at effectively combating it... The Committee noted that by disrupting domestic industrial production and consequently creating local unemployment problems and by perpetuating foreign exchange problems since smuggled goods are paid for in foreign exchange, smuggling is doing a very serious damage to the economy... The Committee noted that because of massive and increasing cases of fraud, Government is losing a lot of revenue from import duties and regretted that Governments are aware of the situation but have not tackled it effectively».

9. MONETARY TRANSACTIONS:

(a) «The Committee examined exhaustively issues relating to the quantity of money supplying in the country and noted that a large proportion of the money created in this country leaks out of the system besides the large sums that are hoarded at home and abroad by some wealthy Nigerians».

(b) «The Committee expressed alarm at the rate at which cheques issued bounced in the country. The consequence is that cheques are increasingly being rejected as a means of monetary transactions... The Committee is concerned with the frequency with which government and public authorities cheques bounce...»

(c) «The Committee noted with dismay the rate at which money and postal orders are being rejected and the increased difficulties encountered in cashing them at the post offices and money orders are as a result fast ceasing to be instruments of monetary transactions».

10. AUDITING AND PUBLIC ACCOUNTABILITY:

«The Committee also noted that regular auditing for public accounts has become lax since 1976 with the results that most of the States and the Federal Government have not had their accounts audited since the last five years... The existing public administration/public finance law provides that Government should publish its audited accounts not later than nine months after the end of «their fiscal year».

11. VITAL ECONOMIC STATISTICS:

«The Committee noted with concern the present mode by which both the Federal and state Governments present their annual budget and noted the inadequacy of statistics currently being provided in those budget estimates, particularly with regard to expenditure».

12. FOREIGN TRAVEL:

«The Committee noted that a great part of Nigeria's foreign exchange problems derive from indiscriminate travel abroad by Nigerians particularly public officials, top executives in the private sector, parastatals and universities. It also noted that the practice of pilgrimage by both christians and moslems is reaching alarming proportions».

13. FOREIGN EDUCATION:

«The Committee noted the drain on the foreign exchange via undergraduate student remittances abroad and recommend a speedy expansion and adequate funding of Nigerian universities to stem this expansion».

14. ECONOMIC PLANNING CAPACITY:

«The Economy is too fragile and hardly responsive to policy decisions within the system because of the dominance of the external sector. This character invariably makes planning and plans ineffective, because the dominant parameters in such plans are usually only sensitive to exogenous factors outside the control of policy makers».

5. While the Workshop is in general agreement with the fourteen findings of the Odama Committee listed above, and commends it for stating them so frankly, we find that there are several crucial features of the current economic crisis which the Committee has failed to highlight, or even to bring out, without which the depth, roots, and magnitude of the crisis cannot be understood.

6. The other major features of the economic crisis which the Odama Committee neglects and ignores are:

(i) the increasing rate of the decline of all types of economic activity (except the production and export of crude oil) and investment in the country most vividly illustrated by the high proportion of factories slowing or closed-down; construction sites empty, and the shops and markets bare;

(ii) the persistently increasing rate of inflation in the price of all goods and services, including goods manufactured in this country;

(iii) the large-scale retrenchment of workers and the freeze of all new employment for all grade of employees creating massive unemployment and pervasive under-employment in all sectors of the economy, in all parts of the country, in both the urban and rural areas;

(iv) the lack of payment, and the irregular payment of salaries and allowances for increasingly large sections of workers, in the public and private sectors, who are becoming impoverished and deeply indebted to money lenders;

(v) the rising rate, all over the country, of the pauperisation of large numbers of peasant farmers, herdsmen and rural craftsmen, due to the loss of their farmland, gardens and of the right to the use of common pasture, woodland, forests, pools and lakes, which are being increasingly converted into unproductive private estates of powerful civil servants, army and police officers, chiefs and emirs, politicians and business tycoons;

(vi) the growing weight of the already crushing burden of indebtedness on the peasant farmers, petty traders, artisans and craftsmen, due to the acute shortage of credit, high prices, high interest rates, and the tightening grip on the rural and urban markets by middlemen;

(vii) the sharp reduction, and in many cases complete breakdown, in the provision of essential public services, like education, health, water and electricity;

(viii) the high level of luxury consumption, ostentation and waste in the dresses, limousines, houses, furnishings, aeroplanes and general life-styles of almost all top public officers, top managers, and businessmen, including the President, the Vice-President, Governors, Ministers, Commissioners and Legislators;

(ix) the substantial amount of wealth obtained in this country, but transferred abroad to be consumed, or invested there in the form of bank deposits, stocks and shares, houses, planes, jewellery and even polo and racing stables;

(x) the very rapid, and indiscriminate rate at which the Federal and State governments obtained, within the last four years, massive foreign high-interest, short-term loans (as shown by the following table) and for which, according to the Odama Report we pay ₦ 140.00 million monthly as service charges.

PUBLIC SECTOR EXTERNAL DEBT
(1975–1983)

Year	Federal	States
1975	₦349 mll.	n.a.
1979	₦1,444 bl.	₦168 mll.
1980	₦1,692 bl.	₦174 mll.
1981	₦2,085 bl.	₦246 mll.
1982	₦3,728 bl.	₦3,539 bl.
1983	₦5.780 bl.	₦4.420 bl.

7. The Workshop believes that the recommendations of the Committee, those of the National Economic Council and the decisions of the Federal Government conveyed in the White Paper should be consistent with the *findings* of the Committee and all the other features which characterise

the real state of the Nigerian economy. Below we take up each of the 105 recommendations of the National Economic Council and the views and decisions of the Federal Government on these, and set out what we believe should be done in order to save the country from this very severe economic crisis. These *findings* and the additional features we have set out constitute the basis for our proposals.

B. – THE RECOMMENDATIONS OF THE NATIONAL ECONOMIC COUNCIL AND THE DECISIONS OF THE FEDERAL GOVERNMENT

8. In this section is set out the recommendations made by the NEC to the President, Alhaji Shehu Shagari, which is a wholesale endorsement (with some omissions) of the recommendations made to it by the Odama Committee, the views of the Federal Government and finally the Workshop's views on both.

REVENUE, EXPENDITURE AND THE EXTERNAL SECTOR.

1. REVENUE AND EXPENDITURES

RECOMMENDATION 1

N.E.C.: «We should continue our membership of OPEC but undertake reappraisal of our pricing and marketing policy within the Organization».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: This is both superficial and evasive. Nigeria should actively work to bring all Third World petroleum producers into a new OPEC, whose focus is shifted from crude oil and gas export, to the production of petroleum products and their marketing, as well as the long-term stability in their prices through, government – petrochemical corporation trade agreements.

RECOMMENDATION 2

N.E.C.: «We should endeavour to see that countries with whom we have unfavourable trade balances are made to buy crude oil from us».

F.G.N.: «Government accepts this recommendation and work is in progress to achieve this objective».

WORKSHOP: This integration of our export with our import trade is essential even for economic recovery. But it can only be achieved by the following measures: (a) removing all local and foreign middlemen from all export and import trade, including oil; (b) complete Federal Government monopoly of the foreign trade including merchant and commercial banking; (c) comprehensive planning of foreign trade over at least a three year period; (d) the change of the Constitution to make any citizen who has amassed wealth abroad to be charged with treason, or if he runs away loose his or her citizenship. Nigeria cannot afford harbouring citizens whose preoccupation is destroying by amassing wealth abroad at her expense. All those with any assets over ₦50,000 abroad should be given six months to return them and re-invest in this country. A register of Nigerian private assets abroad will be maintained for this purpose.

RECOMMENDATION 3

N.E.C.: «States should increase their efforts at generating more revenue internally, collecting at least 30 percent of their recurrent expenditure needs from internal sources».

F.G.N.: «Government notes this recommendation which should vigorously be pursued by State Government».

WORKSHOP: The Workshop endorses government's decision but this internal revenue should be generated from property tax on all *rented* landed property worth over ₦50,000.00, capital gains, and on inheritance tax payable by all heirs of property and wealth over ₦50,000.00. The State and Federal governments should also publish the details of tax paid by all self-employed persons and companies. The Workshop believes it would be extremely unjust and against economic productivity to raise the level of taxation on wage and salary earners, or to re-impose any form of direct tax on the vast majority of peasant farmers, artisans, petty traders, etc, whose income is below the rate making them liable for direct tax assessment..

RECOMMENDATION 4

N.E.C.: «The implementation of the recently approved increases of salaries and wages in September, 1982 National Incomes Policy Guidelines should be suspended throughout the country by the Federal, State and Local Governments».

F.G.N.: «Government does not accept this recommendation. Some governments in the Federation have already implemented these increases, withdrawal of which would be tantamount to cutting the salaries/wages of some workers and cause dissatisfaction and loss of morale in the service».

WORKSHOP: The Workshop strongly endorses the rejection of this recommendation by the Federal Government and refers to its comments in Nos. 48 and 49 below.

RECOMMENDATION 5

N.E.C.: «The implementation of ONOSODE awards to the parastatals should remain suspended».

F.G.N.: «Government accepts this recommendation on the understanding that it applies only to aspects with additional financial implications»

WORKSHOP: The Workshop rejects this indirect attempt to blame the workers of this country for the economic crisis we are in. Everyone knows that it is the massive legal, semi-legal and illegal profiteering by our leaders and big businesses that is really the root of the problem. The recent increases in the payment of wages, salaries and allowances are in no way the cause of the economic crisis. The Workshop would like to refer to the statement of President Shehu Shagari to the National Assembly 16th of March, 1980 to the effect that costs of contracts in 1980 were being inflated by 120 percent higher than similar contracts in Algeria (a major oil producer), and that these are actually 300 percent higher than the costs in Kenya. The Odama report points out that this contract inflation over East and North Africa has since risen by as high as 300 percent. This should be linked to the recent statement of the Managing Director of the International Bank for West Africa, that of the over ₦11.5 billion taken out of Nigeria in 1981 ostensibly to pay for imports, the real value of what was actually imported was about ₦2.97 billion. Are wages, salaries and allowances responsible for these?

RECOMMENDATION 6

N.E.C.: «The Federal Government should grant loans to the State Governments to enable them meet the immediate liquidity crisis facing them».

F.G.N.: «Government notes this recommendation. As a matter of fact the Federal Government gives loans to States in dire need and would continue to do so as and when appropriate».

WORKSHOP: The Workshop accepts that the FGN should give state governments loans specifically for the payment of wages and salaries, as proposed by the N.E.C. However, the Workshop is of the view that no further loans or special grants should be given to state governments until a national commission of inquiry is set up, comprising the representatives of the Nigerian Labour Congress, National Union of Bank Workers, Senior Staff Association of Banks, National Union of Teachers, Academic Staff Union of Universities, Governor of the Central Bank, Manufacturers Association of Nigeria and Petroleum Workers Union, has established what has happened to the massive amount of internal and external loans raised by the Federal and State governments since 1979 and proposed how to recover any monies misappropriated here and abroad.

RECOMMENDATION 7

N.E.C.: «All public officers should pay their private telephone and electricity bills themselves».

F.G.N.: «Government accepts this recommendation subject to the provisions of the circular issued by the Director of Budget on the austerity measures».

WORKSHOP: The Workshop endorses the Federal Government position.

RECOMMENDATION 8

N.E.C.: «All public officers occupying Government quarters should eight and a half percent of their salaries as rent».

F.G.N.: «Government accepts this recommendation but subjects to the existing rent ceiling which will be reviewed from time to time».

WORKSHOP: The Workshop thinks that this should only apply to all those holding political offices. In the case of permanent salary and wage earners, this should be subject to negotiations and to the Permanent Commission for Reviewing Wages and Salaries, the purpose of which should be to index wages and salaries to the cost of living.

RECOMMENDATION 9.

N.E.C.: «All public sector capital projects not yet commenced should be suspended except agricultural projects, projects with less than 30 percent offshore content and those that will generate vital input for other industries».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: In the light of the statement of the President admitting massive inflation of costs of contracts since 1979, and the findings of the Odama Committee referred to in No. 5 above, we find the Government position on this rather shocking. The only rational and patriotic thing to do is to suspend all contracted projects (of both Federal and State governments) above the sum of ₦500,000.00 and re-negotiate the costs in line with the costs of similar projects in Algeria (a large producer of petroleum) -- plus a slight margin for transportation, insurance and handling charges. It is likely that some of the contractors who have swindled this country would not accept this. In that case such contracts should be terminated, all their assets seized and their foreign and Nigerian agents prosecuted. Those responsible for getting us into these fraudulent, over-inflated contractual agreements should be made to make up for any loss. The Workshop feels that this is necessary because to simply allow these contractors to continue on these flagrantly dishonest terms will amount to throwing money down the drain, making it impossible to establish any discipline in national expenditure. See No. 12 below.

RECOMMENDATION 10

N.E.C.: «All on-going projects should be reviewed in terms of cost and rescheduled where possible».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: See Recommendation 9 above and 12 below.

RECOMMENDATION 11

N.E.C.: «The number of political appointees should be reduced to the barest minimum consistent with the Constitution».

F.G.N.: «Government notes this recommendation».

WORKSHOP: Workshop agrees with the recommendation.

RECOMMENDATION 12

N.E.C.: «Efforts should be made to reduce costs of projects and bring them in line with the costs of similar projects in other countries».

F.G.N.: «Government accepts this recommendation. A White paper had already been issued on this subject following the consideration by Government of the Report of the Panel on the excessively high cost of Government contracts. All executing Ministries/Departments/Parastatals are hereby directed to gear up the execution of all approved recommendations in the White Paper».

WORKSHOP: The Workshop finds this recommendation and the Federal Government's acceptance of it as evasive of the real root cause of the high cost of projects in Nigeria. The Workshop is aware that as long ago as 16th March, 1980, President Shehu Shagari, in his first budget speech, told the National Assembly of the Ministerial Committee on inflated contracts and its findings referred to in Nos. 5 and 9 above. The Workshop therefore cannot understand how it is only now, over three years later, when the inflation of Nigerian contracts over East and North Africa has risen to 300% that the President is directing Ministries/Departments and Parastatals to implement the White Paper on a report completed so long ago. The Workshop believes that as long as the contract system is allowed to continue, the economy and politics of the country will suffer and be gravely undermined in all respects by the logic of what has been called a *contractocracy*. The Workshop therefore recommends that with immediate effect all *new* projects costing less than ₦0.5 million should be done by direct labour of the employees of the government or the parastatal. Where these exceed this amount at least 50% of the capital investment for construction and supply projects should, for the 1984 financial year, go to new construction and supply agencies. The governments should establish limited liability companies owned with a government majority of shareholding and with selected teams of professionals, technicians and workers, who collectively hold the minority share, drawing a salary and getting a bonus, and reinvesting all profits. These agencies can develop as wholly worked-owned or government-owned as circumstances dictate, but in all cases they should maintain equal shares between all those individuals employed and shall eliminate from the Nigerian construction and distribution all those parasitical/middlemen and touts with no skill, capital or capacity beyond contacts, known as *contractors*. Unless this is done and construction and supply becomes entirely the area for government employed professional and workers subject to monitoring and supervision by a Nigerian Construction and Supply Agencies Commission, made up of representatives of the relevant industrial unions, professional and senior staff associations and the state and federal governments, it is not possible to significantly and consistently reduce the costs of project.

EXTERNAL SECTOR

RECOMMENDATION 13

N.E.C.: «Efforts should be made to keep our monthly import bill below ₦460 million rather than the ₦600 million now being contemplated».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: In addition to our comments No. 2 ,5 and 31, the Workshop believes that the Societe Generale de Surveillance (SGS) is part of our problem and cannot be part of the solution. It should be dropped completely.

RECOMMENDATION 14

N.E.C.: «The importations of private aircraft by individuals or companies other than those licensed to operate commercial aviation should be prohibited absolutely with immediate effect. All private aircrafts and yachts already licensed in Nigeria should operate only internally, that is, within the Nigerian air space and Nigerian territorial waters».

F.G.N.: «Government accepts this recommendation. The Ministry of Aviation will work out the modalities for implementing the recommendation».

WORKSHOP: The Workshop agrees with the Federal Government and calls for a thorough public investigation of those who own these aircrafts and yachts with a view to determining how they come about the funds with which they bought these.

RECOMMENDATION 15

N.E.C.: «Import duties on commercial vehicles similar to those which are assembled locally should be increased».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: The Workshop also accepts this provided that the prices of these locally assembled vehicles are reduced, and that these plants are transformed into actual *manufacturing* concerns, with at least 90% of the Value Added originating internally, within 3 years of the transformation.

RECOMMENDATION 16

N.E.C.: «A tax of ₦100.00 should be imposed on all airline tickets purchased in Nigeria for travel to destinations outside the African continent».

F.G.N.: «Government accepts this recommendation. The Ministry of Justice, in collaboration with the Ministries of Aviation and Finance, will prepare a draft bill to implement the recommendation.

WORKSHOP: The Workshop agrees with this recommendation.

RECOMMENDATION 17

N.E.C.: «The Import Licensing Committee should give the highest priority to raw materials and spare parts in its allocation of foreign exchange but all consignments labelled as such should be subject to thorough physical inspection».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: See our recommendation on the reorganisation of foreign trade in No. 2 above.

RECOMMENDATION 18

N.E.C.: «Federal Government should secure loans from appropriate sources to meet the outstanding foreign exchange commitments».

F.G.N.: «Government accepts this recommendation and has been making efforts in this direction in the past».

WORKSHOP: As stated earlier, the Workshop does not believe that we have a genuine foreign exchange problem. Government should not therefore enter into any external loans because we believe, for the present at least we have all the fund we need. The real problem is that our wealth is continuously being privately accumulated and expatriated. Further loans would be tantamount to making posterity pay for the crime of our present leaders.

RECOMMENDATION 19

N.E.C.: «Greater attention should be given to the production of other agricultural crops like maize, rice, tea, wheat, etc. which serve as substitute for imports».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: The Workshop agrees with this recommendation but insists that the policy should not be just to replace imports but also to produce food for the consumption of the vast majority of our people, and other agricultural products that serve as inputs into other industries. See our recommendations on the reorganisation of agriculture below.

RECOMMENDATION 20

N.E.C.: «Central Bank should study and recommend ways of stemming the out flow of the Nigerian currency».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: The Workshop agrees with this recommendation but believes that this cannot be done unless our proposal on controlling foreign trade is implemented.

RECOMMENDATION 21

N.E.C.: «The number of pilgrims for the 1983 Hajj should not exceed 50,000 and preference should be given to those pilgrims attending the Hajj for the first time».

F.G.N. «Government accepts this recommendation which is in line with the current Government policy and practice».

WORKSHOP: While agreeing that a limit be set to number of pilgrims going to the Hajj, and the growing christian religious trips to Rome and Jerusalem, the Workshop is convinced that an important source of foreign exchange drain from the economy through foreign travel is the official practice of enriching a few individual Nigerian air travel contractors, through forcing Nigeria Airways to wet lease aircrafts from them (instead of hiring directly), and through those privileged Nigerians who go to Hajj primarily for smuggling. Holidays abroad, both private and under official cover, constitute another serious, if not the most serious drain on the economy, attributable to foreign travel, and unless this is curtailed no Government can have the moral right to limit people going abroad on religious grounds).

RECOMMENDATION 22.

N.E.C.: «The maximum level of estacode for public officers should be reduced from ₦150 to ₦100 per day».

F.G.N.: «Government notes this recommendation and will study it further in the light of the high cost of living in many foreign countries being visited. Government will, however, make efforts to further reduce the number of foreign trips generally as well as the number of public officers travelling abroad».

WORKSHOP: «The Workshop would like to point out that unless action is taken in accordance with our proposals in No. 2 above on the massive foreign assets hoarded abroad by rich and powerful Nigerians, the Government does not have the moral right to preach or to make other Nigerians conserve foreign exchange in this way.

RECOMMENDATION 23

N.E.C.: «In order to encourage the repatriation of funds held overseas by Nigerians, import licences should be granted for equipment and machinery which should not be valid for foreign exchange transactions».

F.G.N.: «Government accepts this recommendation provided that this concession is not limited to equipment and machinery but also to raw materials».

WORKSHOP: See our comments on Recommendation No. 2 above.

RECOMMENDATION 24

N.E.C.: «All shipping and air-freighting by public authorities and public-owned companies should be handled by the National Shipping Line and the Nigeria Airways respectively».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: The Workshop endorses this recommendation.

SMUGGLING

RECOMMENDATION 25

N.E.C.: «Government should immediately make adequate funds available to the Department of Customs to enable that department meet its immediate needs for necessary equipment and logistic support, office accomodation and infrastructural facilities for manpower training».

F.G.N.: «Government notes this recommendation and will use its best endeavours, within its resources, to provide funds to the Department

WORKSHOP: The workshop is convinced that no amount of new equipment, logistic support and training will change the fundamentally corrupt nature of the Department of Custom and Excise. The department holds the gold medal in a very corrupt bureaucracy. The Workshop believes that the Department should be dissolved completely. All its staff probed and those who cannot prove the legitimate source of their wealth should have it confiscated. A fresh Custom and Excise Corps should be established from the most dedicated Nigerians available.

RECOMMENDATION 26

N.E.C.: «Government should mount a serious programme of campaign and re-orientation aimed at de-emphasising the country's taste for foreign-made goods, particularly those under import prohibition and changing our attitude to the acquisition of material wealth. The leadership of the country should show good example in this direction».

F.G.N.: «Government accepts this recommendation, but observed that the whole question of national ethical re-orientation is presently being studied by an expert group. The acceptance of this recommendation is, therefore, without prejudice to the outcome of the work of the expert group».

WORKSHOP: The Workshop endorses strongly the recommendation about the essential need for the leadership setting example. The members of the National Economic Council and the President and his Council of Ministers who produced the recommendations and the White Paper illustrate this. They cannot curb the elite's attachment for foreign cars when almost all of them including the President and Governors still ride imported limousine, refusing Nigerian assembled cars.

RECOMMENDATION 27

N.E.C.: «Government should intensify the diplomatic measures especially with our neighbouring countries, to prevent the entry of smuggled goods into Nigeria through our common borders with the countries concerned, while ensuring that strict surveillance of our ports and borders with the outside world is stepped up».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: While endorsing this recommendation, the Workshop believes that only a complete re-organization of the Department of Customs and Excise along the lines set out in 25 above, could lead to real improvements.

RECOMMENDATION 28

N.E.C.: «Government should without further delay review our relevant laws and regulations on smuggling and ensure their strict enforcement against all violators and collaborators, irrespective of their social and economic status».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: The Workshop agrees with this recommendation, again subject to 25 above.

RECOMMENDATION 29

N.E.C.: «The method of selection and development of customs personnel should be strictly reviewed in order to ensure that only those who are well qualified in terms of relevant education, training, transparent integrity and moral probity are employed as customs officers».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: Agrees subject to 25 above.

RECOMMENDATION 30

N.E.C.: «All employees in the Customs and Excise Department should be required to declare their assets to the Code of Conduct Bureau annually».

F.G.N.: «Government notes this recommendation. It commends same to the Code of Conduct Bureau.

WORKSHOP: Accepts subject to 25 above.

AGRICULTURE

RECOMMENDATION 31

N.E.C.: «Government should impose further tariff measures in order to protect local agricultural producers».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: The Workshop finds this recommendation very superficial, and the Federal Government's blind acceptance of it suggesting its lack of serious concern for protecting and promoting local agricultural production. This is because it is well-known, to both specialists and laymen, that tariff walls in this country have always served as a means of protecting, not the local agricultural producers, but a handful of middlemen, who buy cheaply from the producer, to hoard and sell dearly to the consumer and manufacturer. By parasitically sucking those who produce and those who consume, these middlemen prevent the growth of the internal market for domestic agricultural products; and by the high price for foodstuff erode the real income of the urban population, and all those who buy their foodstuff, undermining their economic productivity. Everybody knows that this is what is taking place in this country right now, due to the higher tariffs imposed in April 1982. The Workshop therefore recommends to the Federal and all State governments that if the present tariff level of agricultrual products are to be maintained, or higher ones imposed, there should also be a systematic reorganization of the whole system of domestic distribution and commerce in foodstuff and all commodities derived from agricultural products. The purpose of this reorganization is to directly integrate associations of food traders in the markets, associations of food processors like bakers, and associations of manufacturers, directly with peasant farmers individually, through associations or cooperatives. The objective is to completely eliminate all middlemen, of whatever type. This reorganization, we have no doubt, can be implemented by a purposeful governement policy of directing most commercial credit from the banks, and all official purchases, to the associations involved in this new networks of wholesale and retail trade in food and all agricultural products and by supporting them to get adequate storage and transport facilities, and with laws against middlemen and hoarding, which the public can be mobilised to enforce. The Workshop is convinced that only the elimination of the grip of the parasitical middlemen in such a systematic way can lead to the stabilisation of supply and prices, which will raise the amount of capital remaining with the actual agricultural producer, the processor, the manufacturer and the market trader, and give them the security and capacity to invest and labour for the growth of domestic agricultural production.

RECOMMENDATION 32

N.E.C.: «Commodity production and marketing agencies of the governments should be encouraged to reach the farmer through farmers' cooperatives rather than through middlemen».

F.G.N. «Government accepts this recommendation».

WORKSHOP: The Workshop finds this recommendation, and its acceptance by the Federal Government, as an unfortunate evasion of the real nature of the existing farmers cooperatives in Nigeria. For these cooperatives, far from being organizations for promoting the productivity and well-being of the peasant farmers, actually serve as means of denying genuine peasant farmers even the meagre credit facilities and agricultural inputs set aside for them. The Workshop cannot believe that with their long experience in public office, the Committee of experts, the Governors on the N.E.C., and the President and his Council of Ministers, are not aware of this fact. It is well-known by everybody, and it has been well-documented by researchers, that farmers cooperatives in this country are mere vehicles used by government officials, village, district heads and chiefs, and local produce-buying tycoons to get seasonal loans they can avoid paying; control and milk local produce-buying and produce-transport; and also to embezzle the little the cooperatives realise. The Workshop is convinced that all the peasant farming communities of this country have a strong and living tradition of mutual aid and cooperation, but these are suppressed and manipulated by chiefs, and such hereditary potentates, to serve selfish, parochial purposes opposed to the nation's political, economic and social progress. Therefore the minimum condition for the coming into being of genuine cooperatives of peasant farmers, whether for commerce or for production, is the emancipation of the person, the land, the capital and the produce of the peasant farming communities from the parasitical shackles of backward and exploitative social, economic and political relations. These are symbolised and utilised by village and district heads, chiefs, emirs and obas, and the ethnic and communal elites connected with them, to keep the peasant farmers subordinate, in-secure, disorganised, and divided, so that they can continue to serve their vested economic and political interests. The Workshop believes that the emancipation of the human and natural resources, and economic creativity, of the peasant farming communities of this country requires, as a beginning, the establishment of democratically elected village and ward councils, as the basic grassroots organs of local government, with defined powers over land allocation, inter-communal relations and security. The Workshop believes that without such an elementary measure of the democratisation in the villages, and the placing of power over peasant communities in the hands of their elected representatives, it is not possible to build peasant farmer cooperatives, or in any way develop the productivity of Nigerian peasant agriculture. The Workshop therefore recommends to the Federal and State governments that they should stop promoting and entrenching these oppressive relations and forces shackling the productive capacity of the peasant communities under the guise of upholding «tradition» and «culture». The thorough going democratisation of the local government system provided for in the letter and spirit of the constitution, particularly in Section 7, 14 and 30–39 should be implemented, and the sections of the provisions 140(a) and 178(b), where an advisory role for these backward and oppressive forces symbolised by chieftaincy is mentioned, should be revoked.

RECOMMENDATION 33

N.E.C.: «Government should make major and sustained efforts to develop agricultural lands throughout the nation. River Basin Development Authorities (RBDAs) should effectively involve state and local governments in their operations».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: The Workshop is surprised at this recommendation and its acceptance by the Federal Government. Again, it is well-known that the River Basin Developmental Authorities (RBDAs) have only developed land for agriculture at massive and scandalously uneconomic costs. Land clearing and irrigation are some of the major means for the draining away of the huge public investment into agricultural infrastructure, as is clear from the very meagre results and reports of large scale fraud arising from the over ₦2.0 billion invested in the RBDAs since 1979. The Workshop is convinced that all the RBDAs are vehicles for European and American agribusiness corporations to milk and shackle Nigerian capital investment in agriculture, through their Nigerian agents in public office, and contracting and consultancy organizations. The Workshop recommends that all the RBDAs should be abolished and dismantled forthwith and their assets handed over by the Federal Government to newly created state agricultural development agencies built along the lines proposed in No. 34 below. In addition, the beginning of the construction of new large dams should be suspended with immediate effect, until the Federal Ministry of Water Resources starts and completes a detailed hydrological map of Nigeria on the basis of which it should, together with the state agricultural development agencies, work out a hydrological plan for the country, covering at least ten years. This would be coordinated with the neighbouring African Countries.

RECOMMENDATION 34

N.E.C.: «River Basin Development Authorities should concentrated on development of infrastructure such as land clearing, irrigation and multiplication of improved seed varieties so as to reduce overhead cost to farmers. Actual crop production should be left mainly to farmers–both small and large. The Authorities should also be reappraised and re-oriented to make them achieve higher efficiency».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: Refer to the recommendations on RBDAs in No. 33 above. The Workshop further recommends that public investment by the Federal and State governments, and extension services, should be through the newly-created state agricultural development agencies. These agencies shall be controlled by councils the majority of whose members shall be elected representatives of associations of peasant households from each local government area of the state. The rest of the members shall be shared between the officials and scientists appointed by the Federal and

State governments, and elected representatives of the state chapter of the Agricultural and Allied Workers Union of Nigeria. A registration of all peasant households and the rapid unionisation of all agricultural workers from farm labourers to agricultural technicians and specialists, shall be required to get this agency off, but can be done in less than three months. One of the first tasks of this agency, even its interim council, would be to take over all land controlled before by the RBDAs and ensure that all the rich and powerful chiefs, businessmen and civil servants, and others like them, who have appropriated them are made to give them up. These shall be allocated to genuine peasant farmers in the area; and where they are large enough, and it is technically feasible, large-scale collective farming, through a cooperative, or an autonomous enterprise owned by the government and by the farm workers or as an experimental farm run by the agency, should be developed.

RECOMMENDATION 35

N.E.C.: «The Government should identify geographical areas within their jurisdiction with comparative advantage for the production of specific agricultural products and assign targets for the production of such products».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: The Workshop believes that this recommendation, at the present stage of our agricultural development, is a red-herring and an excuse to impose arbitrary and oppressive controls over peasant farmers. The fact is that the available knowledge of the agricultural ecology of the country, with the farmers and in the research institutes, is barely utilised, due to the shackles on peasant agricultural productivity mentioned in Nos. 31–34 above.

RECOMMENDATION 36

N.E.C.: «State Agricultural Production Authorities should be established and the role of the existing Commodity Boards should be re-examined and streamlined with that of these Authorities».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: The Workshop cannot see the rationale for this recommendation, given the long record of disaster every time the bureaucrats control direct agricultural production, going back to the fiasco of the Niger Agricultural Scheme under colonial rule. The Workshop does not accept that State Governments should establish production authorities. Where a company, or an individual with a large farm, fails to produce and develop it, and it is taken over by the State government, a company can be formed in which the government and the workers on the farm share the ownership, but maintains its autonomy as an enterprise. As for the commodity boards they should have their management reorganised, to bring them under the relevant state agricultural development agencies, and the Federal Government.

RECOMMENDATION 37

N.E.C.: «The Ministries of Agriculture should be revamped and properly utilized, particularly for extension and research purposes».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: The Workshop finds this vague and evasive. What does «revamp» here mean, given the abysmal records of Federal and State ministries of agricultural extension? The Workshop recommends that the work of extension and research should be left to the state agricultural development agencies, with the more advanced research in the hands of the Federal and University research institutes, which should however be made independent of the western agricultural research organizations serving western agribusiness companies.

RECOMMENDATION 38

N.E.C.: «lending Institutions should be directed by the Federal Government to set aside a define but high proportion of their total loans to the small-scale farmer».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: The Workshop finds this recommendation misleading. The policy recommended has been tried before and the «definite» proportions set aside for credit to small farmers has gone to non-farmers, rural land speculators, contractors, and other middlemen. The Workshop recommends that the majority of the members of the board of directors of the Nigerian Agricultural and Cooperative Bank and all the state cooperative banks should be elected representatives of the state association of peasant households and the Agricultural and Allied Workers Union of Nigeria, (who may or may not be peasant farmers in the case of the former). These banks should *only* give credit to peasant farmers, peasant cooperatives, state governments promoting large scale farms as in No. 36 above and the state development agencies. Large-scale farmers requiring investment above ₦50,000 on their farms should go to the commercial banks.

RECOMMENDATION 39

N.E.C.: «The process of obtaining financial assistance from lending institutions should be simplified as much as possible, and the extension staff of State Ministries of Agriculture should assist the farmer to meet all the formalities for loan application».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: The Workshop finds that this recommendation evades the real conditions of agricultural lending existing in Nigeria today; one of whose major features is that millions of naira has been given out as agricultural loan but no repayment is being made and no attempt at recovery is being done. All banks should be given three months to put all their loans on a regular basis, strictly abiding by the laws and official conditions regarding repayment, security and forfeiture. It is only after this is done, and is seen to be done, that a genuinely productive system of agricultural credit along the lines of No. 38 above can be set up. Otherwise, it would amount to throwing good money after bad money, or the victimisation of a few individuals, largely middle and small farmers, who are not well-connected.

RECOMMENDATION 40

N.E.C.: «State and Local Governments should directly intervene to ease the issuance of Certificate of Occupancy (C. of O.) to bona fide farmers».

F.G.N.: Government accepts this recommendation and appeals to the State and Local Governments to take-up the matter with all seriousness».

WORKSHOP: The Workshop accepts this recommendation with the proviso that only the village council on the advice of the local organs of the state agricultural development agency can approve the grant of the certificate. The Land Use Act should be revised to entrench the role of democratically-elected village councils in land allocation, put a lower ceiling on land allocation to any individual, and provide for the confiscation of agricultural land used for speculation.

RECOMMENDATION 41

N.E.C.: «Monitoring activities of loan beneficiaries be intensified».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: Refer to the recommendations No. 38–39 above.

RECOMMENDATION 42

N.E.C.: «State Governments should make it mandatory for Primary and Secondary Schools to operate school farms».

F.G.N.: «Government accepts this recommendation and appeals to all State Governments to pursue it with all vigour and total commitment».

WORKSHOP: The Workshop believes that in a country where the bulk of able-bodied rural manpower is unemployed or underemployed, to make this a policy of government is mere cosmetics in the spirit of «Operation Feed the Nation» and «Green Revolution». The most important task is to free the productive capacity of the peasant farmers and provide them with sufficient credit, agricultural and other support, to enable them to start utilising all the unemployed and underemployed labour power in their households, male and female. The Workshop recommends that instead of this «school farming» the schools should see that their pupils become usefully integrated into the farming and other economic activity of their households and communities, and also utilise them for mass literacy work integrated to farming.

RECOMMENDATION 43

N.E.C.: «Post-Secondary institutions like Polytechnics and Universities as well as the Army and the Prison services should also establish their own farms».

F.G.N.: «Government notes this recommendation but observes the difficulty of making the recommendation widely applicable».

WORKSHOP: The Workshop believes that this recommendation is a cosmetic one, due to the reasons set out in No. 42 above. The Workshop recommends that universities, polytechnic and post-secondary institutions should only set up farms if these can be usefully integrated into their research, and any extension work they may be doing, on behalf of the state agricultural development agency. Otherwise, like the army, and the prison service they should be encouraged to develop and raise significant resources through productive enterprise in other areas.

RECOMMENDATION 44

N.E.C.: «In order to promote increased use of agricultural raw materials, specific tax incentives should be established and tied to the extent of local raw materials utilization by manufacturers».

F.G.N.: «Government accepts this recommendation but without prejudice to the present exercise going on in this direction on the whole question of industrial incentives and utilization of local raw materials».

WORKSHOP: Refer to our recommendations in No. 2, 31 above. The Workshop further believes that the refusal of many investors to utilize local raw materials is so that, in collusion with top public officers they can continue to expatriate a very high level of profit to foreign countries with the so-called «hard» currency through over invoicing and other means. Companies which are found to sabotage the use of local raw materials should be nationalised without compensation and the management prosecuted. The Workshop is convinced however that the systematic utilisation of domestically produced raw materials can only be brought about when government representation on the board of directors of all companies in which it has share is reorganized to bring in those groups in the society who have no interest, and capacity, to build up wealth abroad through expatriation. The Workshop recommends that all Federal and State government should be represented, by law, on the boards of companies they have shares in, largely, by the Workers Unions and Senior Staff Association of these companies, an elected representation of the state council of the Nigerian Labour Congress, and the representative of the relevant professional association of engineers, architects, etc.

RECOMMENDATION 45

N.E.C.: «In order to encourage manufacturers to contribute funds to the enhancement of applied research they should be required to invest a minimum of 2 per cent of their profits after tax on research and development of local raw materials».

F.G.N.: «Government accepts this recommendation in principle and directs the Ministry of Industries and other relevant bodies to work out details and modalities for implementation».

WORKSHOP: The Workshop endorses this recommendation but feels it should be done through the universities and research institutions in this country. The Workshop also feels that within all the universities and research institutions in Nigeria the organization of research activity should be re-oriented to provide for an annual exercise in which all the staff engaged for research including the director-general, vice-chancellors, provosts, etc. exhibit and demonstrate their research activity before an audience of all their staff, the users of the research and any interested member of the public. This is to establish an essential form of public-accountability and encourage genuine creativity in research.

WHOLESALE AND RETAIL TRADE

RECOMMENDATION 46

N.E.C.: «Consumer Co-operative shops should be set up all over the country by State and Local Governments».

F.G.N.: «Government accepts this recommendation which falls under the sphere of State Government activities. Consideration of this recommendation should therefore, be taken-up by the State Governments».

WORKSHOP: The Workshop strongly endorses this recommendation, but is surprised at the evasive way the Federal government accepts it. There is no constitutional provision which excludes the Federal government from pursuing a policy of purposefully supporting and encouraging the establishment of consumer cooperative shops. Even if there is, it would be necessary to change it, before any level of government can establish and develop these very important means of eliminating the profiteering and negative grip of the middlemen in distribution and commerce. The Workshop is convinced that only if the Federal government directs the banks it controls, and all its manufacturing, commercial and transport enterprises to systematically give priority to consumer cooperative can these organizations even take-off. For they will find stiff opposition, sabotage and resistance from the middlemen, and all the backward and parasitical forces that live from the subordination of the producer and consumer. The Workshop therefore urges the Federal government to stop being evasive, and implement the recommendation as part of the general reorganization of commerce in food and agricultural products proposed in No. 31 above.

RECOMMENDATION 47

N.E.C.: «State and Local Governments should encourage the formation of Consumer Protection Agencies».

F.G.N.: «Government accepts this recommendation which should also be taken up by the State Governments».

WORKSHOP: The Workshop is convinced that consumer cooperatives shops can only be established by grass-roots organizations established to promote the interest of the ordinary people. The consumer cooperative shops established by the government on its own almost inevitably become entrapped by middlemen and are manipulated to serve them using the «cooperative» label as a convenient cover. The Workshop therefore recommends strongly that all the consumer cooperative organizations the Federal, State and Local government should develop, should be those built by trade unions, staff associations, housewife/women and youth clubs, student unions, and tenants associations. These should be given systematic support through all areas of government activity and not just used as a cover for profiteering, hoarding and commercial exploitation by government officials and their clients and patrons.

EMPLOYMENT AND LABOUR

RECOMMENDATION 48

N.E.C.: «There should be increased dialogue with labour unions both at national and state levels in order to promote greater industrial harmony».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: The Workshop believes that mere «dialogue» between labour and governement, and between labour and employers, *cannot* promote greater industrial harmony. The beginning of industrial harmony lies in the regular and prompt payment to workers of all their wages, salaries and allowances; the prompt and genuine implementation of all the other conditions of service agreed to in free collective bargaining with their unions; the cessation of government and employer interference with the running of the unions and of the harrassment of workers and their leaders by the Nigerian Police Force, the Mobile Squad, and the National Security Organization. The Workshop is convinced that these are the bare minimum conditions for industrial harmony without which «increased dialogue» will sooner, or later, become the dialogue of the deaf, and the economy of the country will inevitably suffer.

RECOMMENDATION 49

N.E.C.: «The Federal and State Governments should continue with a joint approach to labour problems».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: The Workshop finds this recommendation vague. This is because it is convinced that what is necessary for our economic recovery from this crisis and economic progress, is to encourage the integration of the domestic economy. This requires coordinated national labour policies like the legalisation and enforcement of the national minimum wage, and of other common national conditions of service for workers. In order to further enhance the coordination of the national economy the National Economic Council should be widened to include representatives of the Nigerian Labour Congress.

RECOMMENDATION 50

N.E.C.: «Government should give greater priority to labour intensive projects».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: The Workshop is of the view that unless its recommendations with regards to the complete elimination of the contract system and the reorganization of foreign trade in Nos. 2 and 12 above are implemented, priority will continue to be given in all economic activities to imports, and particularly to the use of foreign equipment and machinery at the expense of Nigerian labour in order to enhance the rate of the expatriation of profit.

RECOMMENDATION 51

N.E.C.: «Government labour offices should be more popularized for proper flow of information on vacancies».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: See No. 53 below.

RECOMMENDATION 52

N.E.C.: «Greater use should be made of the National Youth Service Corps (NYSC). In particular all the corps members, except medical personnel, should be made to teach».

F.G.N.: «Government notes this recommendation but observes that, with the increasing number of NCE teachers, the problem of supply of teaching staff will be greatly reduced.

WORKSHOP: The Workshop supports the recommendation that at present NYSC members should be assigned largely teaching assignment but recommends they should be entitled to automatic employment in their NYSC job after the service year, wherever they serve in the country.

RECOMMENDATION 53

N.E.C.: «Concerted efforts should be made to remove all obstacles hindering free mobility of labour and capital throughout the country».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: The Workshop finds the recommendation and its blind acceptance by the Federal government as superficial, indicating a lack of seriousness. The obstacles to the mobility of labour and capital within Nigeria are a major hinderance to economic productivity for the whole country and constitutes a major threat to its capacity to stand firmly in a cohesive way, against foreign interests hostile to it and to African liberation and dignity. The Workshop believes that most of those Nigerians and foreign companies who presently control the economy purposefully favour an unbalanced economic structure. This is because, since their primary interest is to accumulate wealth for themselves, and their relatives, friends, clients and patrons, they need these economic imbalances to make it possible for them to cover-up this by posing as ethnic, or regional, champions, protecting or promoting the interests of one part of a state or the whole country, against another. These ethnic champions flourish most when the imbalances between the economic and educational developments of the various parts of a state, or the country are acute. The Workshop is convinced that unless the existing educational, land allocation, market-stall allocation, and industrial investment policies, at least, are changed to purposefully promote national integration, and at the same time a more balanced educational and economic development, the flow of labour and capital will continue to entrench a disjointed and unproductive economic structure on the national level.

RECOMMENDATION 54

N.E.C.: «Hours of work in the public service should be changed to 8,00 a.m. – 12.30 p.m. with one hour break and 1.30 p.m. to 5.00 p.m.».

F.G.N.: «Government rejects this recommendation».

WORKSHOP: The Workshop does not accept that merely realigning the hours of the public sector with those of the private sector is a sufficient rationale for this recommendation as the Odama Committee argues. The different hours were apparently justified so as to enable public service workers to conduct their private businesses outside official hours. The Workshop is of the view that any decision about these working hours should be arrived at through negotiations with the Nigerian Labour Congress, the Senior Staff Association and other organizations of employees.

RECOMMENDATION 55

N.E.C.: «There should be a review downwards of the number of public holidays in the country with effect from January 1st, 1984. The approved holidays will now be January 1st, May 1st, October 1st, Good Friday and Christmas Day and El Etr and El Kabir. This means that Boxing Day, and Easter Monday and El Mlud will cease to be public holidays. When public holidays fall on a non-working day e.g. Saturday or Sunday, they should not be anticipated or postponed to a working day».

F.G.N.: «Government notes this recommendation but decides to keep the public holidays as they are except that when public holiday falls on a non working day it should not be extended to the following working day».

WORKSHOP: The Workshop is of the view that public holidays are not just a waste of time as some rich Nigerians, who do not do any labour with their hands or brains, seem to believe. Throughout human history communities have set aside special days for workship, festivities and leisure in order to get refreshed, affirm solidarity and become rejuvenated. This rejuvenation and revival is essential for promoting their productivity. The view that all work has to stop on public holidays is not true. Most industries and essential services continue with the workers who can spare the time paid over-time wages. The Workshop is of the view that the waste of time and economic resources that effects productivity is not during the public holidays, but during the working days when top public officers, and tycoons delay, distort and disrupt economic activity to suit their private economic interests. Any review of public holidays should be part of the negotiations with those most directly affected, as proposed in No. 54 above.

MONETARY AND FISCAL POLICY

RECOMMENDATION 56

N.E.C.: «The interest rates for agriculture and small-scale industries should be kept under constant review with a view to enhancing productivity in these sectors».

F.G.N.: «Government accepts this recommendation and observes that this is already an existing policy».

WORKSHOP: The Workshop believes that even if this is existing policy it is not being applied. In addition to the recommendation in Nos. 38–39 above, the Workshop proposes that village councils in the rural areas and ward councils in the towns and cities should be the ones to recommend who gets loan for what and should also share responsibility for ensuring repayment. The state agricultural development agencies and the associations of traders, processors and small manufacturers should monitor this and advice.

RECOMMENDATION 57

N.E.C.. «Government should take full advantage of existing loans facilities available in all financial institutions. In order to facilitate this, the Central Bank Credit Guidelines should be widely circulated and publicised».

F.G.N.: «Government accepts this recommendation.

WORKSHOP: The Workshop strongly believes that the problem is wrongly posed. In actual fact governments (especially the Federal Government) have taken undue advantage of the banking system and the Central Bank. The following figures (as well as the one under recommendation will illustrate this).

Federal Government Internal Debt
(1970–1982)

(₦ million)

	1970	1975	1976	1977	1978	1979	1980	1981
Central Bank)		313.7	459.7	1,683.1	3,197.3	2,549.2	2,859.3	6,003.4
Commercial)	320.2							
Bank)		801.3	1,196.8	1,672.9	1,198.9	2,416.4	2,978.9	2,408.2
Non-banking Public	148.8	563.9	973.5	1,279.9	1,586.9	2,316.7	2,080.3	2,783.9
Total	556.7	1,678.9	2,630.0	4,635.9	5,983.1	7,282.3	7,918.5	11,195.5

These figures clearly illustrate that the Federal Government has been raising more internal loans than any previous regime before it. It is also borrowing more from the Central Bank and thus fueling unprecendented inflationary trends. What have they been doing with all this money? Unless this is settled there can be no serious justification for borrowing more. See No. 6 on national commission of inquiry on loans.

COMMERCIAL AND INVESTMENT BANKS

RECOMMENDATION 58

N.E.C.: «The Federal Government should approve the opening of more commercial banks in the country in order to promote more competition in the banking system».

F.G.N.: «Government accepts this recommendation and observes that it has already given policy directives to the Commercial Banks through the Central Bank to gear-up their efforts toward opening branches of their banks. There is every indication that the banks are cooperating in this exercise. However, more concerted efforts would be made in this direction».

WORKSHOP: The Workshop feels that this recommendation is neither her nor there. The fact is that the Nigerian Banks are among the most protected, inefficient and inaccessible in the world. The process of cashing a simple ₦10, ₦20 or ₦100 cheque could take the average worker and trader or farmer, the whole day at any bank. Cheques very frequently bounce just because the drawer has one or two Naira less than the amount stated, and often even when he/she has more than that in the account. Allocations of loans are not made on viability, profitability of the projects but more often than not on who one knows or has «seen» in the upper echelon of the bank. What is required, we believe, is greater democratic control of these banks, and more efficient governmental supervision to ensure that their practices are consistent with and supportive of, national goals. See our recommendations in Nos. 2 and 44 above.

RECOMMENDATION 59

N.E.C.: «The Central Bank should give directive to existing commercial banks to open more branches in both the urban and rural areas of the country».

F.G.N.: «Government accepts this recommendation and notes that its views are similar to those in Recommendation 58 above».

WORKSHOP: See Recommendation 58 above.

RECOMMENDATION 60

N.E.C.: «The Central Bank should look into the problems relating to the processing of loans particularly in the rural areas».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: The Workshop's views are stated in Nos. 38–39 and 56–58. In addition, we must point out that with a more rational (fairer) pricing policy for agricultural produce, elimination of the sharp practices of the Commodity Board's agents, as well as improvements in the institutional and agricultural support services, this problem will not only be tackled but the rural dwellers themselves would be able to generate enough savings to enable them re-invest. See No. 34 and 36 for detailed proposals.

RECOMMENDATION 61

N.E.C.: «The powers of Managers of the State branches of the development banks should be increased to enable them carry out development objectives more effectively».

F.G.N.: «Government notes this recommendation».

WORKSHOP: See our recommendations in Nos. 38, 56 and 58 above.

RECOMMENDATION 62

N.E.C.: «Commercial Banks should be made to provide services to the public on Saturdays».

F.G.N.: «Government notes this recommendation and commends it to the banks for their consideration».

WORKSHOP: The Workshop believes that this should be negotiated with the Bank Workers Union, and their Senior Staff Association, if the commercial enterprises really need it.

RECOMMENDATION 63

N.E.C.: «The law on issuing of bounced cheques should be reviewed and widely publicised with a view to making it more effective and easier to enforce. Governments and public authorities should provide the necessary leadership in restoring confidence in the cheque system».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: The Workshop endorses the recommendation.

RECOMMENDATION 64

N.E.C.: «The Insurance Act should be amended to compel all insurance companies in the country to send regular returns to the Central Bank».

F.G.N.: «Government accepts this recommendation and notes that efforts are already being made in this direction through an appropriate legislation».

WORKSHOP: This recommendation is endorsed by the Workshop and indeed we are surprised that this has not been done up to now.

RECOMMENDATION 65

N.E.C.: «Nigerian Insurance Companies should reduce their overseas re-insurance premium to the barest minimum to conserve foreign exchange».

F.G.N.: «Government accepts this recommendations»

WORKSHOP: The Workshop is of the opinion that *all* Insurance Companies should be nationalised and re-insure with the Federal Government's Re-Insurance concern, which will in turn decide what percentage, if any, to reinsure abroad. The ownership of these companies should by law be restricted to the Federal, State and Local governments, trade unions and cooperatives.

RECOMMENDATION 66

N.E.C.: «The appropriate rates of interest for long-term deposits in accordance with the Central Bank interest rate guidelines should apply to the deposits which insurance companies are required to make with the Central Bank prior to the commencement of business».

F.G.N.: «Government notes this recommendation and will study it further in consultation with the Central Bank of Nigeria».

WORKSHOP: The Workshop agrees with the Federal Government position on this.

FISCAL MEASURES

RECOMMENDATION 67

N.E.C.: «Government draft budget estimates should show estimates for the coming year, approved estimates for the current year and actual revenue and expenditure figures for preceding year».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: The relevant question to ask is why this is not the case now. Refusal to publish accurate and audited public accounts is one of the most flagrant example of the violation of the requirements of public accountability, and indeed confirms the view that the economic crisis is not caused by inflated contracts and fraudulent import bills alone, but by direct plunder of public treasuries.

RECOMMENDATION 68

N.E.C.: «The existing Public Administration/Public Finance Law which provides that Government should publish its audited accounts not later than nine months after the end of the fiscal year should be strictly adhered to and enforced by all Governments».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: The Workshop agrees with the recommendation.

RECOMMENDATION 69

N.E.C. «State governments should endeavour to ensure that under no circumstances should there be a deficit in their recurrent accounts».

F.G.N.: «Government accepts this recommendation and commends it to the States».

WORKSHOP That a «Committee of Experts» as well as the Federal Government could exhibit such ignorance on an issue as basic as what constitutes a budget is really shocking. Budgets are mere estimates: estimates of how much one expects to earn through various sources of revenues, how much salaries and allowances to be paid, what the various goods and services provided by the government would cost etc. For anyone to say that under no circumstances should a deficit be allowed in current (or even capital) accounts is simplistic evasion. Surely the relevant issue is whether or not the people get real value for every kobo and this is publically, and plausibly accounted for in accordance with the requirements of the law and the basic tenents of public morality and accountability. Budget deficits are neither here nor there.

RECOMMENDATION 70

N.E.C.: «Governments should take punitive measures against all those involved in cases of fraud relation to evasion or under-payment of import and excise duties».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: This recommendation is accepted by the Workshop, though we strongly believe that a lasting solution could only start to emerge with the measures over foreign trade as proposed in No. 2 above. The Workshop notes further that the Governments' moral and political authority to punish anybody for fraud has been publically eroded by the appointment of people found guilty of corruption, embezzlement and outright looting of public property, into prominent and sensitive leadership positions, without any explanation or proof that they were innocent or have reformed. We believe this is where the so-called ethical-reorientation starts or ends.

RECOMMENDATION 71

N.E.C.: «More efforts should be made at tax collection by Federal, State and Local governments».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: There is no doubt that government should make every effort to collect all monies due to it. It therefore supports the recommendation with the proviso that *all* citizens including the rich and powerful be made to comply with the requirement of the law. When the rich are not taxed, and when government revenues are daily being diverted for private use and hoarding, there can be no justification intensifying tax collection against those who benefit *little or nothing* from the nation.

RECOMMENDATION 72

N.E.C.: «All taxes due from contractors and consultants handling Government projects should be deducted at the point of making payments to them».

F.G.N.: «Government accepts this recommendation». Efforts are presently being made to amend the tax laws and a bill to this effect is now before the National Assembly».

WORKSHOP: The Workshop, in accordance with its stand on Recommendation 12 above, is convinced that the real solution lies in the systematic elimination of the contract system and all the parasitism and corruption it engenders.

RECOMMENDATION 73

N.E.C.: «Both Federal, State and Local governments should embark on a programme of direct enforcement of all existing tax laws and ensure that all violators of the laws are, without discrimination, prosecuted and penalized as provided in the laws».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: See Recommendation 71 above.

REVENUE

RECOMMENDATION 74

N.E.C.: «Until we develop the capacity to process our crude oil locally, we should acquire refinery facilities outside the country to refine a high proportion of our crude oil for sale and home consumption. The price of refined oil is not subject to OPEC ratification».

F.G.N.: «Government notes this recommendation and directs the NNPC to examine its desirability and feasibility».

WORKSHOP: The Workshop believes that, as a part of a comprehensive foreign trade policy of closely integrating imports with exports, in order to stabilise both for long periods, as proposed in No. 2 above, this is a good recommendation, and it strongly endorses it. There are countries in Africa, the Carribbean, Central and South American sectors of whose economies can be closely linked to that of Nigeria through Nigerian investment in their refineries to make them take Nigerian crude oil for processing and use, and to pay for it with specified quantities of capital or consumer goods, or even food and raw materials. The level of Nigerian imports would correspond to the level of the country's consumption of crude oil through these jointly-owned refineries. The Workshop is convinced that the findings of the Odama Committee regarding world trends in the petroleum trade quoted on P. 6 above, makes such long-term trade agreements, backed by investments essential. But this requires the elimination of all middlemen from the petroleum industry as proposed in No. 1 above; for the fundamental interest of these middlemen and their foreign and Nigerian patrons and clients is not to obtain fair and stable returns for Nigeria for its crude oil, but to obtain the so-called «hard-currency» which enables them to hoard and invest and live luxuriously in Western Europe and North America. The Workshop notes that the rise in the number and power of these oil middlemen in the last four years, is a major cause of the great instability of the returns from our oil exports compared to all other OPEC members. Of course, this type of long-term trade agreement backed-up by joint investment in refineries abroad, does not in any way reduce the urgency with which Nigerian refinery facilities have to be expanded to process *all* domestic consumption of petroleum products; and also serve the new petrochemical industrial complexes whose building is an absolutely essential foundatio n for our industrial and agricultural take-off. The Workshop believes that all these can be started and completed within the next five years 1984–1989.

RECOMMENDATION 74

N.E.C.: «We use our position in OPEC to get the organisation to adopt a realistic and competitive pricing policy which would allow individual members more degree of flexibility while maintaining the main objectives of the Organisation. On our own, we should adopt an aggressive marketing posture whether in glut or scarcity periods. In fact, it is in times of good marketing conditions that we should provide incentives to increase our share of the market».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: See Recommendation 1–2 and 74 above.

RECOMMENDATION 76

N.E.C.: «We set up an oil Market Intelligence body comprising experts to monitor and forecast the trend in the oil market. This should provide an early warning system, and review and advise the Government on the relevant parameters in the oil market».

F.G.N.: «Government accepts this recommendation and directs the NNPC to intensify its efforts in this direction».

WORKSHOP: The Workshop is convinced that no amount of oil market intelligence, no matter how expert can improve and stabilise the value of our returns from crude oil exports unless NNPC stops exporting oil, completely, through any oil middlemen and do it through long-term agreements integrating imports with exports directly with the buyer. (See No. 74 above, for one form of this agreement).

RECOMMENDATION 77

N.E.C.: «We give more attractive incentives to oil producing companies to enable them offset increasing cost of offshore oil exploration and production».

F.G.N.: «Government notes this recommendation».

WORKSHOP: The Workshop does not believe that any further such incentives to encourage oil producing companies to go into offshore exploration and production is necessary. The Report of the *Irikefe Tribunal of Inquiry into Crude Oil Sales of 1981* brings out how oil producing companies concession holders, producers or NNPC contractors have favourable terms for their operations in Nigeria. Indeed the Workshop believes that in many areas these terms are much more favourable than in most OPEC countries. The Workshop is of the view that besides stabilising the volume and value of Nigerian crude oil exports through long-term trade agreements as proposed in No. 1, 74, 76 above, the more important and reliable way of expanding offshore oil exploration and production is for NNPC itself to stop using oil contractors but to develop the capacity itself to carry out most of the oil exploration and production offshore and onshore. The Workshop is surprised by the way the Odama Committee ignores the very important finding of the Irikefe Tribunal of Inquiry of 1981 which reveals in detail how, almost systematically, all the federal regimes since 1973, have prevented the Nigerian National Oil Corporation and later the Nigerian National Petroleum Corporation to develop the capacity to control the industry or play a decisive role in it, protecting and promoting Nigeria's interests. The Workshop would like to know whether the Federal government had acted to implement the recommendation of the Irikefe Tribunal. Moreover, the Workshop wants to draw attention to the way the sole centre for the training of Nigerian oil engineers, scientists and technicians, the Warri Petroleum Institute has become wrecked and moribund. The Workshop believes that this collapse of the Warri Institute is part of the systematic policy of preventing the NNCC/NNPC from taking-off in the last decade. The Workshop is of the view that unless such policies are reversed, and a Nigerian oil cadre is trained and employed to run the oil industry through NNPC we shall continue to run after foreign oil companies with superfluous incentives.

RECOMMENDATION 78

N.E.C.: «The LNG and Petro-chemical projects should be pursued and executed with all vigour, the present recession notwithstanding. We believe that with the downstream industries that would be generated they will go a long way to stem any future re-occurence of recession».

F.G.N.: «Government accepts this recommendation and observes that a lot of work had already been done in this direction».

WORKSHOP: The Workshop strongly endorses this recommendation but does not believe the Federal government's claim that a lot of work has already been done in the preparation work of building these essential liquefied natural gas and petro-chemical projects. The evidence available to the Workshop is that since the programme for building these projects was conceived as long ago as the Second National Development Plan of 1970–74, it has been completely dependent on the changing interests of British and American oil and gas corporations and their governments. Even the priority given to it by the successive federal regimes has gone up and down in the last 13 years, in accordance with decisions taken in Whitehall, at the White House and Pentagon and the boardrooms of a few oil companies. Since the last phase of their renewed interest came to an end in 1981, all that the present Federal government has done is to commission for, and pay for, very expensive feasibility studies with nothing concrete worked out to break out of the Anglo-American paralyses of the two projects. The Workshop is therefore shocked by this attempt of the Federal government to mislead the Nigerian public over this matter of such crucial importance to the future of our country, on which so much of our future economic development depends. The prolonged delay in executing these projects has cost the Nigerian economy tens of billions of naira in flared natural gas from the oil wells alone. A recent authoritative estimate is that Nigerian crude oil producers burn natural gas valued at about *₦8.0 million per day* and about *₦2.8 billion per annum!* This massive hemorrhage of one of our major, wasting resource, natural gas, can only be stopped by projects like these two and with a comprehensive energy policy which actively promotes the use of gas instead of firewood in order to conserve the forests and the crude oil and coal. A proposal on this as it affected afforestation was accepted at a meeting of the National Council of Agriculture in 1981 but has not been implemented. The Workshop therefore urges the Federal Government to stop being evasive on this crucial area, break off of the Anglo-American grip over these projects and implement them with all the vigour and priority recommended by the Odama Committee and the National Economic Council.

GENERAL

RECOMMENDATION 79

N.E.C.: «Revenue departments of the Federation should review the existing tax structures and provide a comprehensive and consistent set of taxes geared not only to raise more revenue but also to effect rapid industrial development of the country as a whole».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: In addition to No.3 above, the Workshop recommends that the new tax structure should not do anything to reduce the proportion of the national income going to the actual producers of the country's wealth, allowing the importers, contractors, rentiers, middlemen and others who do not contribute to production to continue paying virtually nothing as they now do. Rapid industrial development can only be promoted by breaking down the grip of such parasites and expanding the internal market.

EXTERNAL SECTOR

RECOMMENDATION 80

N.E.C.: «The basis for the allocation of foreign exchange in import licensing should be reviewed. In particular, industries utilizing local raw materials should be given preference in foreign exchange allocation. Furthermore foreign exchange allocation should be done well in advance to enable industries plan ahead».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: The Workshop believes that even if such changes in foreign exchange and import licensing policies are implemented they will remain essentially cosmetic, and for a short period. The Workshop is convinced that only the complete reorganization of the whole structure of our foreign trade as proposed in No. 2 above can tackle the roots of the crisis in this area. The Workshop draws the attention of the public to the report of the Managing Director of IBWA referred to in No. 5 above and to the fact that according to the returns on the 1981 import licence exercise submitted by the Minister of Commerce to the Senate – import licenses for goods worth ₦146.180m. was allocated to 11 individuals and private companies while major wholesale and retail companies who also applied were only allocated licenses worth only 27 million Naira. This amount indicating the deliberate creation of a body of import-license middlemen and the use of the license merely to take out foreign exchange. The political power of such import-licensing middlemen can only be broken once and for all by the reorganization of foreign trade we are proposing.

RECOMMENDATION 81

N.E.C.: «In places of ad-hoc application for import license, all companies and other importers should indicate annually the goods which they have to import in a twelve- month period, and they shoud justify such import requirements. Permit should be granted and foreign exchange allocated on the basis of national needs and priorities».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: See Nos. 2 and 80 above.

RECOMMENDATION 82

N.E.C.: «Furthermore, manufacturers that utilize raw materials should be given specific time limits to divert to the use of local raw materials where the availability of such local raw materials is feasible, after which no more foreign exchange will be made available to the industry. There should be a package of incentives to industries carrying out research into local sources of raw materials. Expenditures on such items may be made tax deductible».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: The Workshop endorses this recommendation but believes that they can only be implemented if Nos.2 and 44 above are implemented.

RECOMMENDATION 83

N.E.C.: «For the proper management of our foreign exchange revenues, all import items should be placed on license, with some few exceptions such as drugs, laboratory and hospital equipment and books. Even for such items there should be a specified foreign exchange allocation to be managed by the Central Bank of Nigeria. In recognition of the efficient administrative outfit required to handle what is proposed above, we have recommended elsewhere a complete reorganization and restructuring of all agents connected with the importation of goods and services».

F.G.N.: «Government notes this recommendation for further study.»

WORKSHOP: See No. 2 and 44 above. In addition the Workshop recommends that there is a great deal of wastage, and even danger, in the way Nigeria is open to the imports of an infinite variety of chemicals, drugs, scientific and medical equipment and books for example. The Federal government should use its comprehensive control of all foreign trade to restrict imports to a few standardised models suitable and related to the growth of domestic industry for the commodity.

RECOMMENDATION 84

N.E.C.: «Our trade policy should be more discriminating. Import license should be used as a trade policy instrument to discriminate against trade areas and goods constituting a problem to the economy. We believe that our tenacious and strict adherence to the rules of international bodies to which we belong is often, to say the least, a mis-interpretation of our importance in such organizations».

F.G.N.: «Government notes this recommendation for further study».

WORKSHOP: See Nos. 44 and 74 above.

RECOMMENDATION 85

N.E.C.: «We recommend a body to continuously monitor and forecast the trend and policies of outside economies whose behaviour seriously affect our economy. Information derived from such continuous monitoring could be used to the greatest advantage».

F.G.N.: «Government accepts this recommendation and directs the ministries of National Planning, External Affairs, Industries and Commerce to work-out the details and modalities».

WORKSHOP: «The Workshop is surprised that such a body does not exist. It should be established immediately to report on a regular basis directly to the President. But the Workshop would like to point out that it can easily be hijacked by various foreign and domestic vested interests who would want to prevent an effective foreign trade policy by Nigeria. This can be avoided if the body set up for this, is supported and closely linked to primary research activity into our foreign trade and all relevant international economic trends in the universities and research institutions. The Workshop is of the view that the Nigerian Institute of International Affairs should instead of remaining a centre for conferences and public relations, become involved: as its primary responsibility, in primary research and its dissemination, in areas such as this. The other two major research institutions, the Nigerian Institute of Social and Economic Research and National Institute of Policy and Strategic Studies should together with the universities complement this and sustain such a body.

RECOMMENDATION 86

N.E.C.: «The public sector should see itself as primarily providing the necessary atmosphere and inducement for industries to grow rather than as competitors with the private sector. All tiers of government should therefore disengage or roll back participation in commercial business except in areas where absolutely necessary».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: The Workshop believes that this recommendation is inconsistent with the major findings of the Odama Committee which we quote on pp.116-120 above; and in fact flagrantly contradicts many of them, particularly the failure of the private sector in Nigeria to, over the last decade, 1973–83, develop manufacturing industries beyond the assembly plant and bottling level, completely tied to imports. This failure is a very serious one because in very few countries of the world have private sector investors in manufacturing and services like transport, and commerce, had such favourable conditions as those set out by the Odama Committee on pp.116-118 above, and in addition such a large domestic market and a large pool of labour, yet fail as those in Nigeria have done. The Workshop is convinced that in fact, a major reason for the failure of our economic development strategy from 1973–1983, so clearly brought out by the Odama Committee is that what is in fact called «the public sector» is only for the public in name. In fact by virtue of those who control and operate it directly, and from government position, it is a vehicle for serving the process of private accumulation, legally, semi-legally, and illegally of the major private owners of the private sectors. The Workshop believes that the Odama Committee cannot be ignorant of the fact that almost all those who were in charge of the public sector and its planning and operation in this country, in the period 1973–1983, (when in spite of massive public expenditure the development strategy failed), are now millionaires in naira, dollars, pounds and German marks, and are the powerful figures of the private sector. The Workshop therefore rejects this recommendation and believes that only a genuine public sector, which collective public economic forces, control and prevail, as proposed in No. 31 and 44 above can lead the way out of this crisis and to economic progress in this country.

RECOMMENDATION 87

N.E.C.: «To provide favourable atmosphere for industrial growth, industrial policies should be consistent and as much as possible should not be subject to constant and erratic changes. There may be need to review our budgetary procedure in this respect».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: The Workshop endorses this recommendation but believes that these erratic changes and inconsistencies cannot be stopped unless their root causes as shown in No. 86 above are tackled. The Workshop finds it hypocritical for many influential Nigerians to pretend not to know that public sector investment does not yield the profit it should not because it is public and therefore «no one's property», but precisely because those same influential Nigerians controlling the «public sector» use their positions to divert these profits into their businesses and foreign bank accounts. The Workshop is aware that most of the country's private sector commerce and construction in electrical equipment is owned directly and indirectly by top public officer board members and top management of the Nigerian Electric Power Authority and other powerful members of federal and state governments. These gain a lot of money whenever NEPA breaks down. The Workshop believes it is hypocritical and unpatriotic to simply cite NEPA as an example of the failure of public sector investment without showing that in fact it is only part of the public sector, like all other parastatal, by name.

RECOMMENDATION 88

N.E.C.: «It is an open fact that it is very difficult to set up an industry, whether small or large, in this country. Serious attempts must be made to remove all bottlenecks and delays within the process. This cannot be over-emphasized. Outside registration, we find very little need, for instance, for the Ministry of Industries approval before a small-scale industry with little or no foreign exchange implication can be established in a rural area. This practice should be abolished forthwith».

F.G.N.: «Government accepts this recommendation provided such industries file their papers with the Federal Ministry of Industries not necessarily for approval of projects but for record purposes before commencement of operations».

WORKSHOP: The Workshop does not accept that all these bottlenecks can be removed by administrative reorganization. It is necessary to start sharply separating the holding of public office from the private accumulation of wealth by bringing to an end the control of public offices by forces and interests whose whole purpose of existence is to accumulate private property. Refer to our proposals in No. 2, No. 44, No. 86 and 87 above.

RECOMMENDATION 89

N.E.C.: «The use of Approved User's Scheme should be completely reviewed. Besides, it is a source of fraud by unscrupulous manufacturers who use it to siphon out large sums of money from the Nigerian economy. Its operation has also encouraged manufacturers in their near nonchalant attitude to search for local raw materials. Its use should be more oriented to local-value-added and this function should be easily absorbed in a restructured import licensing institution».

F.G.N.: «Government accepts this recommendation but observes that action on it is already in progress».

WORKSHOP: See No. 2 above.

RECOMMENDATION 90

N.E.C.: «Access to foreign exchanges should be properly streamlined and should only be in accordance with set priorities over a period of time to allow both public and private sectors proper planning. But related information should be exchanged clearly within the system to allow optimum use of available foreign exchange».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: See No. 2 above.

RECOMMENDATION 91

N.E.C.: «There should be a deliberate movement away from 'assembly' – type industries to actual manufacturing. Assemblies have very little local value added and are a deliberate invitation to consume our limited foreign exchange. In this regard, we may need to review our stand on the newly approved assembly plants for light commercial vehicles, with a view to cutting down the number drastically because they constitute a major foreign exchange drain and with a view also to placing them in line with the recent move to control and standardise the type of motor vehicles in this country».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: The Workshop endorses the recommendation but believes that unless its other recommendations in Nos.2, 12, 44 and 74 are implemented it cannot be attained.

RECOMMENDATION 92

N.E.C.: «We recommend that the Nigerian National Petroleum Corporation (NNPC) should get more involved in all stages of oil activity, in particular those of exploration, appraisal and development. This is with a view to sharing the risks as well as the benefits of prospecting for oil with the oil companies. It is noted that for the economy as a whole the risks are much smaller than for an individual oil company. With the resulting greater certainty by NNPC about the location of oil, it can grant concessions to the oil companies on terms that are more attractive to Nigeria. This has the added advantage of greater involvement by Nigerians in the oil industry as well as giving the country better information on its oil reserves and potential».

F.G.N.: «Government accepts this recommendation which is in line with the current NNPC policy and practices».

WORKSHOP: The Workshop is shocked at this recommendation which is in flagrant contradiction with the findings of the Odama Committee with regards to the failure of private sector investment, Nigerian and foreign, to promote genuine economic development. In addition the Irikefe Report of 1981 has documented how much such Nigerians are draining away our returns from crude oil sales through their essentially middlemen role. The Workshop is convinced that the entrenching of some forty-four oil export middlemen and about 120 domestic petroleum products middlemen has been one of the causes of the shortages in petroleum products and the instability of the returns we get from crude oil export. The Workshop strongly urges its recommendation on the new role for the NNPC in No. 74 above.

AGRICULTURE

RECOMMENDATION 93

N.E.C.: «All agents connected with the production and distribution in the agricultural sector should be mobilized, streamlined and properly co-ordinated in order to achieve optimum results. There is not enough mobilization at the grassroots level by all tiers of government».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: See Nos. 32 and 34 above.

RECOMMENDATION 94

N.E.C.: «Emphasis should be placed on small-scale dams and irrigation schemes in the rural agricultural areas, with complement of infrastructural support such as rural water bore-holes and electricity supply».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: See No. 33 above.

RECOMMENDATION 95

N.E.C.: «The role of the Commodity Boards in the present day agriculture requires an indepth review. This review should be seen differently from the issues of ownership of the Boards which we believe are irrelevant to our present circumstances».

F.G.N.: «Government accepts this recommendation»

WORKSHOP: See No. 31 and 36.

EMPLOYMENT

RECOMMENDATION 96

N.E.C.: «Contracts of certain magnitude should include an agreement on the employment of a number of relevant Nigerian professionals, and payment should be conditional on the fulfilment of the terms of the agreement».

F.G.N.: «Government accepts this recommendation»

WORKSHOP: See No. 12 above.

RECOMMENDATION 97

N.E.C.: «Certain types and value of contract and consultancy projects should be reserved for Nigerians».

F.G.N.: «Government accepts this recommendation and observes that similar recommendations were made in the White Paper on the Report of the Panel on the Excessively High Cost of Government Contracts».

WORKSHOP: See No. 12 above.

RECOMMENDATION 98

N.E.C.: «Governments should gear-up efforts to improve the conditions in the rural area by way of provision of pipe-borne drinking water, electricity and medical facilities».

F.G.N.: «Government accepts this recommendation but observes that both the Federal and State governments should play complementary parts in this exercise in order to ensure success».

WORKSHOP: The Workshop find that both the recommendation and the Federal government's blind acceptance of it trivialises a very important issue. The Workshop is convinced that the fact that in spite of the massive public expenditure in water supply, electricity and health in the rural areas, since 1973, over 80% of the rural population are not up to today provided with any of these. The few that have functioned for a few months after their commissioning by the Governor, President, Minister or Commissioner, and after the completion of the payment to the contractor, have almost all broken down or operate at a very low level. The. Workshop is convinced that the reorganizations we are proposing in Nos. 12, 32, 44 above provide the minimum conditions for real rural development.

INSTITUTIONS

RECOMMENDATION 99

N.E.C.: «The whole governmental machinery be overhauled and re-structured with a view to making them efficient at reduced cost and responsive to the requirements of the Presidential system of government».

F.G.N.: «Government is unable to accept the recommendation as stated because government does not feel that there is need to «overhaul» or restructure «the whole governmental machinery» in order to make it «responsive to the requirements of the presidential system». At the moment, the Federal Government is within the nation's limitations, being run as efficiently as possible, and at reasonable cost. Government will, of course, continue to review the system at all times with a view to effecting any improvements considered necessary within the framework of the present Constitution».

WORKSHOP: The Workshop believes, that far more than restructuring and overhaul of the whole government machinery is required to tackle the task of saving our country from impending economic collapse.

It is necessary to, as a minimum bring about fundamental changes in the political system to shift political power from the hands of contractors, imports/exporters and other species of middlemen most of whose assets and investments are in Europe and North America. These can only facilitate further exploitation of our country as they have nothing substantial at stake here.

RECOMMENDATION 100

N.E.C.: «The types of forms and licences for external transactions and the machinery for issuing and obtaining them should be re-examined with a view to restructuring and streamlining them».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: See No. 2 above.

RECOMMENDATION 101

N.E.C.: «Ways be explored for fostering close cooperation between the Federal and State Governments in the implementation of economic and social development policies and programmes and for mobilizing the resources of the three tiers of government jointly for the development of the economy and the welfare of the populace».

F.G.N.: «Government accepts this recommendation and observes that the exercise would be a joint responsibility of both the Federal and State Governments».

WORKSHOP: The Workshop endorses this recommendation but observes that these can only be done when national integration through balanced educational and economic development which benefits all the people, is forged and the platform for the ethnic champions, and regional and religious gatemen undermined purposefully, and openly. See No. 53 above.

TECHNOLOGY

RECOMMENDATION 102.

N.E.C.: «Restructuring the economy must necessarily give prominence to technology. Initial emphasis should, however, be given to small-scale technology that can be readily absorbed by the rural sector of the economy».

F.G.N.: «Government accepts this recommendation which is in line with the existing policy».

WORKSHOP: The Workshop is of the view that this recommendation is vague and is part of the usual mystifications about technology, which is offered to us by various western imperialist «aid» institutions, as «small-scale», «appropriate», or «intermediate», to perpetuate our dependence. The Workshop believes that once the human and natural resources of Nigeria are freed from the grip of middlemen, contractors and the semi-feudal and communal potentates and all those involved in actual production emerge and are integrated, we shall obtain, develop and effectively utilise all types of technology, small middle, level and even gigantic. The critical issue is the break through at the level of the organisation and control of the economy, and not the size of the machinery or equipment.

DIVERSIFICATION OF THE ECONOMY

RECOMMENDATION 103

N.E.C.: «As argued elsewhere in this report, our fluctuation fortunes in the last decade or so, is a pointer to the vulnerability of our near total dependence on oil. We therefore believe that diversification of our economy for revenue sources, foreign exchange, employment and even consumption should be accorded the highest priority. Our traditional agricultural exports should be revamped with all seriousness, while other agricultural crops for food and raw materials and for local industries require no less urgent attention. We are blessed with good weather, fertile and generous farm land and above all, a virile population to carry out the urgently required transformation in the agricultural sector».

F.G.N.: «Government agrees with this observation».

WORKSHOP: The Workshop believes that this is mere wishful thinking until the economy is restructured to shift its control from those whose economic stake is hoarded and invested abroad, to the majority of Nigerians who have everything to gain and loose here and nowhere else.

RECOMMENDATION 104

N.E.C.: «We further believe that our industrialization pattern needs a complete re-orientation and emphasis. Our industrial sector is too external dominated and it is therefore neither sympathetic to our problems nor does it easily respond to our policy prescriptions. Besides, the sector constitutes one of the major sources of out-flow in the economy. We believe we need to review our import substitution policy. Emphasis should from now on be placed on an industrial policy that would make minimum demand on our foreign exchange, use our local raw materials, and employ small and medium-level technology with high employment content».

F.G.N.: «Government agrees with this observation and is already taking a variety of steps to correct the situation».

WORKSHOP: See Nos. 2, 12, 44, 31, 86 and 103 above.

RECOMMENDATION 105

N.E.C.: «The Committee observed with dismay the domination of our consumption pattern and taste by the foreign sector. This is partly explained by the dominance of the foreign sector in agriculture and industries. The Committee, therefore recommends that we effect policies in the latter sectors, including the import sector, that would serve to shift consumption pattern to home-made goods».

F.G.N.: «Government accepts this recommendation».

WORKSHOP: See Nos. 2, 12, 31, 44, 86 and 103 above.

GOVERNMENT RESPONSE TO ECONOMIC CRISIS
Text of the Budget Speech 1984 by the
Head of State Major General Muhammadu BUHARI
as reported in the National Concord
of May 10, 11 and 12, 1984

This administration decided, as part of a comprehensive package of policy measures, to revive the battered economy and to undertake a review of the 1984 budget presented to the defunct National Assembly. The purpose is to reflect the realities of the present financial predicament and the priorities of the military government. Our approach is to match expenditure with resources, reduce federal and state government recurrent and capital expenditure and cut waste. The major policy objectives of the revised 1984 budget are:

(1) To arrest the decline in the economy.
(2) To put the economy on a proper course of recovery and solvency and
(3) To chart a future course for economic stability and prosperity.

The following measures are therefore to be taken as a first step towards realizing these objectives:

(1) Reduction in government expenditure.
(2) Reduction in imports.
(3) Revival of agriculture.
(4) Resuscitation and streamlining of industries.
(5) Stabilization of prices and incomes.
(6) Intensification of revenue drive in order to broaden the revenue base of government.
(7) Restoration of confidence in the Naira.

I now present to the nation the revised budget for the rest of the 1984 fiscal year. To put the budget in a proper perspective, I will review the economic issues first.

WORLD ECONOMIC SITUATION

The basic weakness of the Nigerian economy at present is that growth emanates from the external sector. Nigeria's total trade (imports plus exports) as a proportion of our total income rose from 28 % in 1970 to about 41 % in 1981. The value of imports as a proportion of our total income also rose from 12 % to 27 % between 1970 and 1981. This trend is undesirable and must be revised. Our ability to import depends on our ability to sell our products to the industrialized countries. Since we are a one product economy dependent on oil, our economy is affected by the prospects and policies of our major trading partners.

The industrialized countries have begun to show welcome signs of recovery from a long economic recession. But the tendency of these countries to import more crude oil from non-OPEC sources resulted in a drop in the volume of OPEC oil production from 31 million to 17.5 million barrels per day between 1977 and 1983. Thus, we are still as vulnerable as ever to the uncertainties in the oil market. The prospect for crude oil demand and the OPEC world market share are expected to remain more or less at the same level in 1984 as in 1983.

PERFORMANCE OF THE ECONOMY IN 1983

Between 1982 and 1983, the country's total income fell from N 28.5 to N 27.3 billion; a drop of 4.4 %. The poor performance of the economy in 1983, as in the two previous years, was due partly to continued depression in the oil market but largely to the gross mismanagement of the economy. The contribution of the petroleum sector to our total income declined from N 4.4 billion in 1982 to N 4.1 billion in 1983, a fall of about 7 %. The level of oil production fell from 1.289 million barrels per day in 1982 to 1.235 million barrels per day in 1983. The export of crude oil dropped from 1.009 to 0.935 million barrels per day during the same period. The selling price of our crude oil was reduced from S 35.5 to S 30.00 per barrel in February 1983 in an attempt to stimulate the market.

Fellow Nigerians, as most of us know, oil exports account for over 90 % of our total foreign exchange earnings. The effect of a depressed world oil market on our economy is therefore a substantial reduction in our earnings. Consequently, the contribution of the manufacturing sector, dependent as it is on imported raw materials, declined from ₦ 2.359 billion in 1982 to ₦ 2,300 billion in 1983, a fall of 2.5 %.

In addition to the poor performance of the mining and manufacturing sectors, drought and pests affected the performance of the agricultural sector resulting in increased imports of food and raw materials such as rice, maize, vegetable oil, palm oil, cotton, etc...

Other major sectors of the economy such as construction, transportation and communications also declined by 8.4, 7.7 and 4.9 % respectively.

On the external sector, fiscal policy and administrative measures were applied to reduce imports. The value of imports dropped from ₦ 12.6 billion in 1982 to ₦ 9.7 billion in 1983. Exports fell from ₦ 8.7 billion to ₦ 7.6 billion during the same period. After taking into consideration the services account, the balance of payments on current account showed a deficit of ₦ 3.4 billion in 1983 compared with a deficit of ₦ 5.2 billion in 1982.

As a result of the reduction of oil price in February 1983, federally collected revenue had to be revised downwards from the original estimate of ₦ 9.3 billion to ₦ 8.6 billion, a short fall of 9.2 %. When the revised figure of ₦ 8.6 billion in 1983 is compared with the actual revenue of ₦ 10.9 billion in 1982, a drop of 21.8 % is observed. Owing to the shortfall in government revenue, both the federal and state governments embarked on unrestricted deficit budgetting which induced heavy borrowing from the banking system. In 1983 alone, the credit to the public sector by the banking system amounted to ₦ 5.293 billion, excluding the backlog of unpaid wages and salaries of workers and the amount owed by all the governments to contractors and suppliers.

This administration is determined to improve our balance of payments position. Our total import bill during the first quarter of 1984 was ₦ 1.8734 billion compared to ₦ 2.3142 billion in same period in 1983.

The currency exchange exercise completed yesterday was designed to attack trafficking in Naira. This will be followed by strict punishment against all future currency offenders.

Some of the measures we intend to introduce may result in short-term price rises and create shortages in some categories of goods. No medicine is without pain. In our current situation of over-dependence on imports of raw materials and consumer goods and acute shortage of exchange to import such goods, this is not too high a price to pay if we are to achieve the necessary adjustment required to stimulate the economy.

POLICIES FOR 1984

After careful review, the folowing policy changes have been approved by government.

FISCAL MEASURES

The government has carried out a fundamental reform of the Customs and Excise Tariff to provide effective protection for local industries, reduce the level of unemployment and generate more revenue from the non-oil sector. The range of import duties has been reduced from between zero and 500 % to between 5 % and 200 %. To encourage investment, a degree of certainty has been introduced in our tariff structure which has been simplified further and will remain unaltered for a minimum of 3 years.

The items under schedule II of the Tarrif which granted duty exemption to some 38 import items has been reduced to 20. Similarly, the general concessionary rates of duty which granted zero duty to some manufacturers has been abolished. Rates of duty of between 5 % and 10 % are introduced for some items previously exempted from duty, and other items hitherto enjoying low rates of duty under the approved user scheme.

Moreover, in order to encourage investment in agriculture, increase local production of food and agricultural raw materials, duties on machinery and equipment for exclusive use in agriculture are abolished. To protect local producers, duties on selected imported agricultural products have been raised. Since bread has become the cheapest staple food of our people, import duty on wheat and tea have been reduced. Import duties on medical preparations, life saving appliances and medical equipment are hereby abolished.

To encourage export of locally manufactured products, appropriate concessions and the modality of providing effective assistance to promote exports are being worked out. The reform of government-owned companies and parastatals to make them profit-oriented and less dependent on the government for funds is under consideration.

MONETARY AND BANKING POLICY

Monetary policy in 1984 will be applied to re-inforce other economic policies designed to achieve a substantial improvement in the balance of payments. This will enable the government to clear the backlog of accumulated trade debts, maintain a reasonable level of external reserves, reduce inflationary pressures in the economy and encourage the expansion of domestic output of essential goods and services. In pursuit of the above objectives, a generally tight monetary policy will be adopted.

Accordingly, under the credit guidelines for 1984, the permissible maximum rate of credit expansion by commercial and merchant banks has been reduced. The aim is to avoid inflationary credit expansion and enhance the stability of the economy. The existing stipulations regarding sectoral distribution of credit by the banks are retained since they are designed to channel more credit to the priority sectors of the economy. A simplified structure of sectoral divisions will be applied for the rest of 1984 so as to give the banks more opportunity for initiative and flexibility in their credit operations.

To encourage more savings and ensure a more efficient allocation of scarce resources, the existing interest rate structure has been adjusted. The deposit and lending rates have been raised by between one-and-a-half and two percentage points. However, the rates for lending for agricultural production will remain at the existing levels to promote increased investment in agriculture.

This administration attaches great importance to spreading banking facilities and services to the rural communities all over the country. The on-going rural banking programme will therefore be continued with vigour.

INCOMES POLICY 1984

Although our economic difficulties persisted, we enjoyed relative industrial peace in 1983. Much of the credit for this must go to the workers who exercised considerable restraint in face of serious hardship. The Incomes Policy Guidelines in 1983 were largely an extension of the measures introduced during the preceeding two years. However, the Productivity, Prices and Incomes Board extended and intensified its contacts with the private sector and was able not only to monitor the incomes policy guidelines more effectively but also to explore and provide practical solutions to the problems facing the economy.

At the inception of this administration we expressed our determination to relieve the intolerable suffering and general deterioration in the standard of living of our people. We also undertook to adopt measures which would ensure visible improvement in the quality of life of all Nigerians. In particular, we decided to pay all arrears of wages and salaries before the end of april, 1984. I am pleased to say that this administration has fulfilled its obligation in this respect. For the rest of the year, wages and salaries will be paid regularly.

However, in our present financial predicament, an increase in the existing level of wages and salaries is out of the question not only because the economy cannot afford it, but also because we believe that any salary increase would worsen rather than improve the lot of workers. The incomes policy guidelines for 1983 will therefore be retained in 1984. This administration will place emphasis on the intensification of a campaign for higher productivity in agriculture, industry and services which should facilitate an improvement in the standard of living of our workers.

ESSENTIAL COMMODITIES FUND

A revolving fund of ₦ 200 million has been established for the in portation of essential commodities as a complement to the already inter sified efforts of government to ensure local production of basic food item For the moment Government notes the activities of hoarders and middl men in deliberately frustating efforts to reduce prices of food and essenti commodities. Drastic measures are on the way to deal with these publi enemies.

STATE FINANCES

The total projected revenue accruable to the federation accour in 1984 is ten billion one hundred and ninety five million two hundre and nineteen thousand seven hundred and twenty six Naira. This amour will be distributed between the 3 tiers of government, that is Federal, Stat and Local Governments in accordance with the existing formula in Revenu Allocation Act, 1981. Financial assistance to the state governments outsid statutory allocations will only be given in exceptional circumstance

REVENUE AND EXPENDITURE ESTIMATES

I now turn to the revenue and expenditure estimates of the Fe deral Military Government for the fiscal year 1984.

REVENUE

The estimated federally-collectable revenue for 1984 is expecte to total ₦ 11,311 billion. Out of this, the sum of ₦ 0.136 billion will a crue exclusively to the Federal Government. The balance of ₦ 10.195 bi lion will be transferred to the federation account in accordance wit section 149 (1) of the 1979 Constitution as amended by decree No. 1 c 1984.

In accordance with the provision of the Revenue Allocation Ac 1981, the share of the Federal Government from the Federation Accour will be ₦ 5.607 billion while the States and Local Governments will hav ₦ 3.109 billion and ₦ 1.019 billion respectively. When account is taken c the independence revenue of the Federal Government, its total revise revenue estimates for 1984 will be ₦ 6.743 billion.

In projecting the revised revenue estimates for 1984, the relevar international and domestic factors have been taken into account. In tern of oil production, the country is still limited to its quota of 1.3 millio barrels per day. Every efforts will be made to achieve that target. In ac dition, the fight against oil smugglers has been intensified to stop furthe leakages and to ensure that all incomes due to government accrue to i Such measures taken against smugglers of petroleum products and «illega bunkerers» in the last two months have resulted in the rapid build-u of diesel oil (AGO) and premium motor spirit stocks in our storage depo around the country and at the Warri and Kaduna refineries. About 60 % c products meant for home consumption which would have been smuggled out by illegal bunkerers and other anti-social petroleum marketers has been saved. The incidence of product shortages particularly up country has also been virtually eliminated. Furthermore, since January 1984, the importation of petroleum products equivalent of 110.000 barrels per day of our off-shore refined crude oil has been reduced to 40,000 barrels per day. The refined products thus saved have been sold to earn additional foreign exchange.

REVENUE COLLECTION

Collection of taxes will be intensified and sanctions against tax evasion or any malpractice will be strictly enforced. A decree will soon be promulgated to effect some amendments in our tax laws to make tax administration more effective and reduce evasion.

A review of the Customs and Excise Management Act of 1958 will be undertaken to plug oil revenue loopholes. Customs will also be streamlined More revenue collection centres will be established for the collection of excise duties. To combat smuggling, border patrols will be intensified, surveillance groups will be established and X-Ray equipment wll be installed at our ports and international airports to examine general cargo and passenger's luggage.

RECURRENT EXPENDITURE

The recurrent expenditure of the Federal Military Government for the 1984 fiscal year amounts to ₦ 6.07 billion including Consolidation Revenue Fund charges of ₦ 2.89 billion which is a first charge to the Consolidated Revenue Fund. The recurrent expenditure «per se» i.e. personnel costs and overhead costs amount to ₦ 3.18 billion. Compared with the figure of ₦ 3.83 billion for 1983 and ₦ 3.79 billion in the 1984 draft estimates of the defunct civilian administration, the revised recurrent expenditure represents a reduction of 17 and half and 15 and half respectively over those of 1983 and the 1984 draft estimates. This reduction should not impair the efficiency and effectiveness of the public service. All government agencies will have to carry out personnel and management audits, maintain utmost financial prudence and discipline, and adopt cost-saving devices in the performance of their functions.

CONSOLIDATED REVENUE FUND CHARGES

As I have indicated earlier, the Consolidated Revenue Fund charges which are the first charge on the Consolidated Revenue Fund and an integral part of our recurrent expenditure, amount to ₦ 2.89 billion for this year. The two major components of the Consolidated Revenue Fund charges are pensions and gratuities and public debts charges. The public debts charges for 1984 amount to ₦ 2.56 billion compared with the figure of ₦ 1.11 billion for both 1983 and in the 1984 draft budget. This shows an increase of well over 100 %. The Minister of Finance briefed the nation recently on the overall public debts as at the time this administration took over on 31st December, 1983. The defunct civilian administration made no efforts in various budgets to provide adequately both for the payment of the capital borrowed and the interests due on loans. Consequently, in 1983 alone, an extra payment of ₦ 600 million was incurred on debt servicing. This administration had provided adequately for the payment of our public debt charges for this year.

MAINTENANCE OF ASSETS

As of now, maintenance of public assets in this country is seriously neglected. In order to correct this situation, appropriate directives have been issued to all Ministries/Departments and Parastatals to ensure proper maintenance of existing assets.

CAPITAL EXPENDITURE

The capital expenditure outlay for 1984 fiscal year is ₦ 3.93 billion. When compared with the 1983 figure of ₦ 6.59 billion and that of the 1984 draft estimates of ₦ 4.66 billion, there is decrease of «₦ 2.66 billion and» ₦ 0.73 billion which represented 40.30 % and 15.6 % respectively. The capital expenditure is to be financed through a combination of the recurrent surplus of ₦ 671.8 million, internal loans of ₦ 1.468 billion and external loans of ₦ 1.795 billion. It is obvious that this is a very unhealthy situation. But necesary corrective steps are being taken. The project review committee is already taking a hard look at various federal government projects. The outcome of the exercise and that of the Plan Review Committee would provide a more reliable framework for decision on the fate of some of the projects. Overall, only projects which have immediate beneficial effects on the generality of our people will be pursued.

EXCHANGE CONTROL

During the 1983 fiscal year, the nation's foreign exchange receipts totalled ₦ 8.45 billion while the actual amount of goods and services impoted into the country was ₦ 10.921 billion. As a result Nigeria ended the year with an overall balance of payments deficit of ₦ 2.471 billion, the nation's external reserves stood at ₦ 819.4 million as at December 31, 1983.

In 1984, our total foreign receipts will be about ₦ 8.796 billion in foreign exchange. Out of this, ₦ 8 billion has been allocated for importation of goods and services and debt servicing obligations. By the end of the 1984 fiscal year, our external reserve position is expected to increase to ₦ 1.21 billion.

Foreign exchange control measures introduced earlier in the year concerning service fees, basic and business travels, medical allowances and overseas studies, will continue to apply. In addition, the percentage of net income allowed as home remittance to expatriates employed in Nigeria has been reduced from 50 % to 25 %.

It will be recalled that two years ago compulsory advance deposits for imports were introduced to eliminate excessive importation into the country and reduce the heavy pressures on the nation's external reserves. Since all visible items of import are now put under specific import licence, the compulsory advance deposit scheme is unnecessary. It is abolished.

EXTERNAL FINANCE

Our total external indebtedness as at 31st March, 1984 stood at ₦ 8.30 billion approximately. The total commitment is ₦ 17.46 billion out of which ₦ 9.80 billion has been drawn down. Repayments total ₦ 1.50 billion. Federal Government's total of drawing less repayments is ₦ 5.31 billion. The figure for the state governments is ₦ 2.98 billion.

In assessing our future credit-worthiness, good performance in loan servicing will constitute a vital factor. Therefore, in order to maintain this good image, Nigeria is determined to keep its total external indebtedness under strict control. Indeed, after a careful assessment of our debt-service profile, it has been established that, based on estimated foreign exchange receipts of about ₦ 8.796 billion during the 1984 fiscal year, our national external debt service ratio will be about 28.42 %. Consequently, a total amount of not less than ₦ 2.50 billion for principal and interest repayments will be needed annually to service our existing loans through 1984–86.

Also, considering that the Central Bank of Nigeria is statutorily required under its Act to ensure that it holds a minimum external reserve not below 25 % of its total demand liability at any point in time, our external debt situation requires a critical review.

Negotiations with the IMF and the World Bank will be continued in earnest in the hope that a mutually satisfactory compromise on the remaining issues can be reached eventually. However, whether or not we are able to reach a complete agreement with the IMF, this country will have to rely more on its own efforts and resources to improve our economic situation. Nigerians must be ready to make sacrifices. Other than very exceptional cases, no new capital projects will be embarked upon in 1984 at either Federal or State Government Level. There will be no further external borrowing by any state government. Our 1984 external borrowing programme will be confined strictly to the on-going capital projects which spill over from the 1983 fiscal year.

I now wish to give some highlights of the activities and programmes to be undertaken by Federal Ministries and Departments in key sectors of the economy during the rest of 1984.

AGRICULTURE

Severe drought and widespread outbreaks of rinderpest and mealy bug which hit the country last year caused heavy loses of crops and livestock. Hence the acute shortages of food which necessitated continued importation of rice and maize. As soon as local production attains an adequate level, the importation of staple food items will stop. A sum of ₦ 20 million has been allocated for emergency water supplies, supplementary feeds and the repair of agricultural tractors and machinery. In addition, state governments will be encouraged to set up farm settlements to absorb surplus labour and increase food production.

Long term recovery measures have also been drawn up to revive the agricultural sector of the economy. The Ministry of Agriculture, Water Resources and Rural Development will evolve a strong machinery for policy formulation, planning and monitoring at headquarters. Thereafter, all activities in the field will be based on the River Basin Development Authorities which will be redesignated «River Basin and Rural Development Authorities». These authorities will be decentralized so that each authority will cover only one state except Lagos and Ogun States which will share one authority. The authorities will work in close co-operation with the State Ministries of Agriculture. Furthermore, the government has made far-reaching decisions on agriculture. Small-scale traditional farmers will have easier access to credit, more efficient provision of inputs and higher producer prices. The Government will consider a proposal to amend the Nigerian enterprises promotion decree to enable non-Nigerians to own up to 80 % of large farm projects. Land acquisition will be greatly simplified and credit to farming further liberalized. These measures will take effect in time for the 1985 planting season.

PETROLEUM

Government has allocated ₦ 327,936,023 to support the financing of the development projects of the N.N.P.C. These include exploration activities in the Chad Basin, petrochemicals, liquefied natural gaz (LNG) and a fourth refinery at Port-Harcourt. The foundation stone for the first phase of the petrochemicals industry was laid in February, 1984. About ₦ 115 million will be spent on gas supplies to industries particularly on the Escravo/Lagos gas pipelines which will supply gas to the NEPA power station under construction at Egbin.

Our petroleum policies and exploitation strategies are being reviewed so as to make it possible to maximise the impact of the petroleum industry on the economy. While we take note of the understanding by our foreign partners of our present economic circumstances, we expect them to be more responsive to government's aspirations and expectations. The policy on the activities of agents and middlemen in the oil sector will be reviewed to ensure that they do not frustrate the efforts of government at more effective management of the oil industry.

EDUCATION

Notwithstanding our current economic crisis, the Federal Military Government is committed to the provision of good sound education for the children of this country. Accordingly, about 15 % of the total federal budget has been allocated to education. Because of peculiar circumstances of individual states, including their financial position and the diverse social problems, it is not possible for all the governments to adopt a uniform approach to the issue of funding of education at the various levels. However, the funding of education is the responsibility of the Federal, State and Local Governments and the parents, each contributing its share in accordance with constitutional arrangements.

This administration has given serious consideration to the National Open University programme. Because the infrastructure to make the programme succeed is either not available or inadequate, the government has decided that in the present financial situation, Nigeria cannot afford the Open University programme. The National Open University programme has therefore been suspended. The staff of the Open University will be suitably redeployed. Existing universities with schemes for part-time students will be encouraged to expand their programmes and take in more students, thus providing university education to many of those who would have wished to avail themselves of the opportunity of the open university programme.

INTERNAL AFFAIRS

Having regard to the high level of unemployment in this country and the serious safety and security problems posed by illegal aliens in our midst, government will see to effectively mobilise and equip the immigration service. In addition, greater cooperation and joint patrols at sensitive border points, between the armed forces, the police and immigration service will be instituted. With dedication and honesty, the impact of these measures should greatly improve internal security.

Over the years, our prisons have become so terribly overcrowded that they are now unable to undertake their corrective functions. Therefore, apart from expanding existing prisons, the ongoing programme for the construction of new prisons will be pursued to the extent that resources permit. What is more important however, is that the legal processes will be streamlined so that persons awaiting trial do not have to waste away in prison. As at now this category constitutes nearly 40 % of the prison population. The possibility of introducing suspended sentences and greater use of fines for relatively minor offences will be given urgent consideration.

COMMERCE AND INDUSTRIES

The Ministry of Commerce and Industries will concentrate its efforts on those areas of our industrial development that are of the highest priority and immediately feasible, having regard to the financial constraint facing the nation. These are the paper mill projects at Jebba and Oku-Iboku near Calabar, the machine tool industry at Oshogbo, the fertilizer project at Port-Harcourt and the Savannah Sugar Co. in Kuman. The programmes for the industrial sector will include incentives for industries using local raw materials, continued assistance to small-scale industries and investment promotion.

With regard to the issuance of import licences, which is dependent on available foreign exchange, priority will continue to be given to raw materials, spare parts and essential commodities. In addition, export promotion will be given special attention.

HEALTH

To achieve effective results, the budget allocation for hospitals has been directed at the consolidation and development of infrastructure in the existing Teaching and Specialist Hospitals. By the same token, State and Local Governments will concentrate efforts on maintenance of existing Hospitals, Health Centres and Dispensaries providing them with adequate equipment and drugs and on environmental and preventive health measures rather than on an indiscriminate hospital building programme.

Priority will be given to the development of laboratories for manufacture of drugs and vaccine locally to facilitate self-sufficiency in these essentiel items.

WORKS AND HOUSING

The present value of our investment on road development is more than ₦ 8 billion. In order to realise maximum benefit from the network of roads, emphasis will be concentrated on rehabilitation and maintenance.

COMMUNICATION

The planned objectives of the Ministry of Communications are aimed at providing efficient and reliable postal and telecommunication facilities and to continue with the policy of modernisation and expansion of Postal and Telecommunications facilities. However, due to structural deficiencies, these objectives are not being fully achieved. Consequently, this administration intends to embark on a complete overhaul of P & T system.

STEEL

One of the main preoccupations of this administration is to provide a solid industrial base for the future economic growth of the country. In this connection, positive steps are being taken to consolidate the integrated steel complex at Aladja and to accelerate the completion of Ajaokuta Steel Plant with its associated infrastructures within the limits of available resources. The Completed Rolling Mills in two steel complexes as well as the three inland rolling mills at Oshogbo, Jos and Katsina will be put into greater productive operation. This will provide a substantial proportion of local requirements and, in consequence, save imports of steel products and conserve foreign exchange. Studies have begun in earnest to identify and articulate the economy's priorities on the steel industry, notably the production of steel flats and associated products.

POWER

Government is fully aware of the social and economic dislocation caused by the irregular performance of NEPA. The authority is therefore being reorganised. Due emphasis will have to be placed on the rehabilitation of existing installed capacity at power stations. Despite our economic circumstances, this administration has made funds available for the procurement of vital spare parts which will enable NEPA to intensify its rehabilitation programme.

Allied to this, the national grid will be strengthened and extended to cover more areas of the country. The on-going projects at Jebba, Egbin and Shiroro will be pursued with utmost vigour so as to raise the installed capacity from the existing 3,000 megawatts to 5,000 megawatts.

The momentum on the extension work embarked upon at Afam and Delta stations will be maintained. The programmes of rural electrification will be continued in order to enhance the standard of living in the country side. Above all, this government is fully aware of the need to undertake measures which will guarantee long-term and more reliable power requirements. For this reason, the plans on our long-term strategies of uninterrupted power supply will continue so that new coal-fired stations, other thermal stations as well as additional hydro-stations will be identified for future implementation.

MINING

Government will review the solid minerals sector of the economy to enable it to play a more purposeful role in the economy. Efforts will be made to encourage mining for the export market and also for the supply of raw materials to our local industries particularly iron and steel, ceramic and cement industries as well as other users of industrial minerals. This will help to give a wide base to our economy in addition to creating new employment opportunities and saving foreign exchange.

FEDERAL CAPITAL TERRITORY

In approving the master plan for the development of Abuja in April 1979, the previous military government directed that the city should be built within a period of 15 years. The Federal Capital Development Authority spent the first three years on its existence on planning projects to be implemented at Abuja.

There was, therefore, every reason for this nation to have expected orderly development to take place as planned. The defunct civilian administration changed this approach and embarked upon a mad rush to commence the movement of the seat of the Federal Government to Abuja in 1982, instead of 1986. The concept of the new Federal Capital was perverted and made a vehicle of corruption and massive political patronage.

In order to return to the original concept and ideals for which the new Federal Capital Territory was created, this administration will adopt a programme of orderly movement to our new capital city. Government has also approved the re-organisation of both the Ministry of Federal Capital Territory and the New Federal Capital Development Authority.

EMPLOYMENT, LABOUR AND PRODUCTIVITY

The present high level of unemployment is of great concern to the government. Consequently, efforts will be made to strengthen the employment exchanges and encourage labour intensive enterprises. Ultimately, we have to accept the inescapable conclusion that a conscious movement back to the land is the best means of providing employment for our people and prosperity to our country.

EXTERNAL AFFAIRS

On foreign affairs, Africa will continue to be the centre-piece of Nigeria's policy. Our major emphasis will be on mutual self-help both with respect to development and security, especially within our sub-region. Thus, we will play our part to the fullest to ensure the uninterrupted growth of ECOWAS. On this, in large measure, our own progress depends.

Developments over the past year have put strains on the Organization for African Unity, which has served our continent so well for two decades. On the one hand, the Organization is faced with a financial crisis of unprecedented proportions and, on the other, with seemingly intractable problems in Chad and Western Sahara. The Federal Military Government will continue to place its good offices at the service of the organization in its quest for a solution to these and other problems.

The Federal Military Government will continue to give unqualified moral support to liberation movements, as well as material support within its means. We will continue, too, to work in concert with friendly countries in the international community and through the United Nations to ensure that maximum pressure is put on South Africa to end its inhuman occupation of Namibia and to abandon its apartheid system.

The Federal Military Government will develop further the bilateral ties which exist between Nigeria friends and trading partners throughout the world. Every efforts will be made to ensure that our vital interests do not suffer by the reduction in the number of our diplomatic missions and consular posts.

DEFENCE

In order to enhance domestic training for members of the Armed Forces, the existing training institutions will be expanded and equiped. The new Armed Forces University arising from the upgrading of the Nigerian Defence Academy will play a vital role in the training of the officer corps in the Armed Forces. Army training areas and ranges will be developed, the Navy Technical and Professional Training Schools as well as other specialist training institutions will be developed to reduce dependence of the Navy on training abroad. Similarly, the Nigerian Air Force Training School for aircraft maintenance and local training programmes will be expanded to cut down on dependence on foreign facilities in these areas.

The financial provision for defence in 1984 is designed to enhance the manufacture/assembly capacity of the Defence Industries Corporation. It is expected that on the completion of the on-going expansion scheme later in the year, a reasonable proportion of the small requirements of the Armed Forces will be produced locally. Research will be stepped up to consolidate the steady progress towards diversifying the range of defence equipment produced in the country.

POLICE

This government will ensure that the priorities of the Police are re-ordered with a view to achieving the goals expected of a viable Police Force, in terms of efficient performance, effectiveness and regaining the confidence of the populace. To this end, adequate provision has been made in this year's budget to cater for barrack-building and maintenance, for the purchase of operational equipment, for improvement of training facilities, for transport and communications, uniforms and the enhancement of the welfare of the men.

TRANSPORTATION

This administration will give priority to the development and provision of reliable and efficient transportation systems by rail, road and water to enhance an early and orderly recovery of other sectors of the economy. Available resources will be maximised through proper maintenance and repair. The operations of all the parastatals in the transport sector will be re-structured to make them more competitive.

NIGERIAN RAILWAY CORPORATION

The standard gauge system will be reviewed early in the context of the report of the Projects Review Committee. To ensure an improvement in the existing rail services, efforts will be made to improve on the availability of rolling stock. The possibility of local manufacture of wagons will be examined. Greater attention will be given to the maintenance of the railroads.

The Nigerian Railway Corporation will engage in more aggressive marketing of its services, particularly to government agencies which require to transport goods, raw materials and finished products over long distances.

CONCLUSION

In conclusion, let me restate that the revised 1984 budget has taken account of two facts. First, that our revenue is susceptible to economic fluctuations. Second, that the huge debts accumulated within the last four years will have to be serviced. We do not have much room for manœuvre and have therefore adopted some tough measures. Government has given priority to agriculture, power, petroleum and industries. Investment in these is expected to have more immediate return. The financial allocations depict a deliberate attempt to reorder priorities in favour of the purely economic sectors. We will ensure strict financial discipline and efficient use of resources. We are all required to make sacrifices so that our economy can be revived in the shortest possible time.

We require everybody's co-operation and understanding in our task to rescue this nation from social indiscipline, economic collapse and political chaos.

May God be with us.

BUDGET SPEECH 1985 BY THE HEAD OF STATE MAJOR GENERAL MUHAMMADU BUHARI

as reported in the New Nigerian of January 2, 1985

On the occasion of the first anniversary of the inception of this administration, I present to you an assessment of the year 1984 and the Budget for the 1985 fiscal year. I wish to recall briefly the situation this time last year and review the performance of this administration.

Twelve months ago the economy was on the verge of collapse. Our finances were in a parlous state. Salaries and wages were in arrears in some states by eight months. State and Federal establishments were hopelessly overstaffed. Foreign banks were refusing to do business with Nigeria on account of huge debts and arrears. The law and order situation was desperate. Weakened by massive corruption, the civilian government lacked the will to tackle these serious problems. There was a real danger, therefore, of complete chaos and social breakdown. The new Administration had to stop the rot on many fronts.

Faced with these problems the government adopted a number of stringent measures. In the revised May Budget, the Federal Military Government set targets of reducing government spending, reducing imports and reducing the foreign exchange deficits. All these targets have been met.

There have been noticeable improvements in other socio-economic areas such as greater security, cleaner towns and cities, notably Lagos and Kano, more reliable power supply and telephone services. More drugs in hospitals. Above all a greater sense of discipline in our lives.

On the reverse side we still have inflation, unemployment, snortages and in few isolated instances salaries are again in arrears. But the total picture is that we have seized the initiative and are on the road to recovery. It was, of course a painful necessity to resort to retrenchments so as to prevent the economy from going under. Nonetheless government paid all outstanding salary arrears.

Imports were sharply reduced and a strict foreign exchange budget adhered to.

i) The Federal Military Government has honoured all payments on medium and long-term loans. Total payments on principal and interest amounted to two billion six hundred and thirty one thousand six hundred and thirty Naira between January and December, 1984.

ii) Appreciable progress has been made in the refinancing of the outstanding trade arrears, which accumulated to the end of 1983.

iii) All imports in 1984 have been and are being paid on current basis.. We are are paying our debts and we are no longer begging anybody.

In agriculture our immediate response to widespread food shortage was two fold: to appeal for a mass return to the land and to propose greater incentives to attract outside skills and capital so that large scale food and raw material cultivation can take off. The response has been very good. Local food production rose by 2 % last year. Further support measures are being worked out for big private sector agricultural schemes.

Immediate steps were taken to revive key industries such as paper, cement, sugar and fertilizer plants. The effect would be to improve local availability and save foreign exchange. Strict measures were taken to prevent smuggling of goods across the borders and most state governments have introduced new distribution systems to beat hoarding and profiteering. Government is satisfied that these measures have achieved results but the underlying shortages mean that prices are still high.

During 1984 the Government introduced new policies on students feeding, tuition and accomodation. Universities, colleges and secondary schools were merged so that our educational system can survive. The Government is pleased that students of higher learning have shown some understanding of realities. After consideration of recommendations of the Committee on Funding Education, a policy will be in place which will be rational and realistic. The NYSC system has been streamlined to achieve savings and better use of NCE holders. Emphasis is shifting to science and technological education.

In view of low state which our currency had sunk by the end of 1983, the Government in a swift operation, changed the colour of the Naira, thereby trapping hundreds of millions smuggled out and hundreds of millions stolen or counterfeited which could not be exchanged. The result is that there is less money in circulation and value and respect for the Naira enhanced.

Local Governments which multiplied ten-fold under the civilian regime were reverted to their pre-1979 number. This measure was to enable their meagre finances to be applied to needed social services rather than wasteful overheads.

Against this background of economic and social ravaging of the country, the Federal Military Government ordered exemplary punishment to those responsible for nearly ruining the country. The Special Military Tribunals convicted those accused only after the most meticulous examination of the facts. Sentences were confirmed again after thorough review by the Supreme Military Council. From now on the Armed Forces intend to establish high standards for leadership and public service in Nigeria.

The Study Groups set up to look into certain features of government policy and structure have nearly all submitted their reports. Those on Project Review, Financial Management and Customs and Smuggling have been considered by government. Among recommendations accepted for implementation are:

i) The placing of available foreign exchange in a common pool to be readily accessible to all banks in servicing their requirements of imports licence beneficiaries; and,
ii) the removal of Customs and Immigration Departments from the Federal Civil Service Commission regulation to a Board chaired by the Minister.

As soon as the remaining reports are considered by government the decisions taken would be speedily implemented.

REVIEW OF THE 1984 ECONOMIC SITUATION

The country's total real income dropped slightly from twenty seven billion Naira in 1983 to twenty six point nine billion Naira in 1984, a fall of less than 1%. This compares with a fall of more than 6% between 1982 and 1983. The improved performance of the economy in 1984 was due largely to the satisfactory performance of the petroleum and agricultural sectors. The contribution of agriculture to the national income rose from three point nine-five Naira to four point zero three billion Naira between 1983 and 1984 thus recording an encouraging increase of 2% when viewed against a sharp decline of 8.0% in 1983. Agriculture recorded substantial output gains, especially grains production. It is a good omen for the country's efforts to restore agriculture to its leading position in the economy.

On the external sector, Government's fiscal and administrative measures to improve the country's balance of payments attained some successes in 1984. The value of imports dropped from nine point seven billion Naira to eight point six billion Naira while that of exports rose from seven point one billion Naira to eight point nine billion Naira between 1983 and 1984.

After making allowances for the services account, the balance of payments on current account improved in that a deficit of three point four billion Naira has been reduced to one hundred and twenty six million Naira between 1983 and 1984. The surplus on merchandise trade reflects the Military Administration's success in keeping expenditure within available resources.

The increase in petroleum revenue from five point one billion Naira to seven point eight billion Naira during the period under review brought about a rise in federally collected revenue from nine point seven billion Naira in 1983 to eleven point three billion Naira in 1984, an increase of 14%. Consequently, the retained revenue by the Federal Government rose from five point one billion Naira to six point seven billion Naira during the same period. However because of the increase in debt service, the Federal Government recurrent expenditure rose from five point three billion Naira to six point one billion Naira between 1983 and 1984. In order to redress this unhealthy trend, the capital expenditure of the Federal Government was reduced from six point one billion Naira in 1983 to three point nine billion Naira in 1984. Consequently, the overall budget deficit of the Federal Government was reduced from six point two billion Naira to three point three billion Naira between 1983 and 1984.

POLICIES FOR 1985 FISCAL MEASURES

In my 1984 budget Address, I indicated that this Administration, had among other things, carried out a comprehensive review of the Customs and Excise Tariff Structure in order to create greater harmony and stability in the tariff and to expand the base of excise duty. Since these measures were introduced only in May 1984, it is too early to assess properly their full impact on the economy. However, Government will continue to monitor their effects on the economy.

The Federal Military Government has decided to introduce Advance Payment of Customs Duty. This will come into effect from a date to be announced later. This Scheme will involve the payment of import duty at the time when letters of credit are to be opened, instead of the present practice of collecting import duty when the goods have arrived. This innovation in our revenue collection system is designed to eliminate, as much as practicable, the abuse to which the previous procedure for the collection of customs duty has been subjected. Operational procedures for the new scheme will soon be announced.

MONETARY AND BANKING POLICY

Although the Monetary and Banking Policy introduced in 1984 has achieved some degrees of success, there is still room for improvement. Accordingly Monetary and Banking Policy in 1985 is aimed at further reducing the rate of inflation, achieving a healthy balance of payments position, and increasing and mobilising domestic and external financial resources.

The broad and simplified bank credit division between 'preferred' and 'less preferred' sectors will be retained in 1985. However, there will be slight adjustments in the sectoral allocation to reflect the observed performance of the sectors in the last three years. Credit to the agricultural sector will be increased to reflect the importance which this Administration places on Agriculture, and to meet the growing needs of the increasing number of large-scale farmers all over the country.

The longer grace periods which have been approved for the various forms of agricultural loans will apply throughout 1985. To ensure availability of loanable funds for agriculture, interest rates for such loans are being increased by 2% to equate financial institutions' borrowing rates with their lending rates. Other deposit and lending rates will remain as in 1984.

The Ministry of Finance and the Central Bank of Nigeria will, exercise greater surveillance over the performance of banks to ensure that they provide better service to their customers.

The second phase of the rural banking programme has achieved a very high degree of success. The programme will therefore be continued. Furthermore, encouraged by the very favourable report on compliance with the requirement that a minimum of 30% of deposits collected by banks in rural areas should be granted as credit to borrowers in such areas, Government has decided to increase the ratio to 40% in 1985.

INCOMES POLICY

The current policies on wages and prices which call for restraint will be maintained in the coming year, as the economy is still depressed. However, to make for a better standard of living, emphasis will continue to be placed on increased productivity in every sector of the economy. Salary and wage increases which are not related to higher productivity will only result in higher costs of production, rising prices and a fall in living standards. Adequate attention will be given to those aspects of the incomes Policy measures which are intended to enhance the creation of more job opportunities. Towards this end, Government will continue with the drive to get manufacturers to develop and make greater use of local raw materials. In order to assist industries now operating at low capacities, priority will continue to be given to basic raw materials, machinery and spare parts in the allocation of foreign exchange. Increased productivity in all sectors will improve the general supply situation with beneficial effects, especially on prices of basic commodities and our general standard of living.

BALANCE OF PAYMENTS AND EXCHANGE CONTROL MEASURES

Foreign exchange earnings from 1st January 1984 up to 30th October 1984 was seven point two-four-one billion Naira whilst total foreign exchange disbursement was seven point zero-seven-eight billion Naira. The Foreign Exchange Reserve stood at one point one billion Naira as at the end of October 1984.

In the fiscal year 1985, the Nation expects to earn about eight point zero-two-four billion Naira in foreign exchange. In order to fulfil our obligations of servicing debts incurred in past years, and at the same time keep our factories and essential projects going, the Federal Military Government has decided on a total foreign exchange Budget of eight billion Naira. In order to improve our reserve positions, Government is determined that expenditure will be kept within this Budget ceiling.

The problem of mobilizing convertible currencies held by Nigerians, both at home and abroad, is likely to remain for as long as we do not create institutional facilities to tap such holdings. It is known that much foreign exchange is lost to the economy because these resources are lodged with foreign banks. In order to encourage individuals and companies to repatriate these resources, the Federal Military Government has decided to permit Nigerians and Nigerian Companies to open and operate external accounts in Nigeria. The modalities of the scheme would be worked out by the Federal Ministry of Finance and the Central Bank. The Federal Military Government has also decided to permit the reinvestment of remittable dividends provided such investments are in new companies and an amount equal to half of what is to be remitted is imported. To qualify for approved status under this scheme, the investor has to bring into Nigeria additional new capital up to the value of 50 % of the amount of dividend to be reinvested.

EXTERNAL OBLIGATIONS

This Administration has throughout the year faithfully met all its external loan obligations. This policy will continue to be maintained in respect of our short, medium and long-term commitments.

Positive steps have already been taken to sort out and reschedule the backlog of trade debts accummulated from the 1982 and 1983 fiscal year.

The first set of promissory notes worth two hundred and fifty million US dollars were issued to some uninsured creditors on the 7th of November 1984, after proper reconciliation and verification. More promissory notes will be issued as and when the correct debts are ascertained. However, progress on the final settlement of the insured trade debts has been relatively slow. The hope, nevertheless, is that agreement will be reached in 1985. Let me at this juncture express the nation's appreciation to the friendly countries which have lately offered loans on bilateral basis to support development efforts in very important areas like agriculture, technical education, small-scale industries and rural electrification. We will carefully consider all offers provided they fit in with our programmes and our national interest.

The critical position regarding our external indebtedness in respect of existing medium and long-term loans needs to be highlighted. As at 31st October 1984, Nigeria's total external debt stood at approximately seven-point nine-two billion Naira.

However, the total external loan commitments was nineteen point zero-four billion Naira, including an estimate of one point seven-six billion Naira for the entire trade arrears on open accounts being re-scheduled. Out of the balance of fourteen point two-eight billion Naira, nine point three-two billion Naira was entered into by the Federal Government and four point nine-six billion Naira by the states. A sum of three point five-zero billion Naira (or about 44 % of total estimated foreign exchange earnings) has been set aside for debt servicing. This is a very high ratio when compared with 25 % in 1984. Accordingly, the Federal Military Government has decided that, in order to avoid a further deterioration of the debt situation, no external borrowing for a new project will be undertaken in the 1985 fiscal year. In strict adherence to this decision, only current Federal and State budgets being financed from approved external loans already signed will be pursued.

REVENUE

It is estimated that the federally collectable revenue for 1985 will be eleven point two-three-seven billion Naira. From this amount, the Federal Government will retain exclusively, the sum of one point three-one-four billion Naira, being revenue accruing from independent sources. The estimated balance of nine point nine-two-three billion Naira will constitute the Federation Account in accordance with Section 149 (1) of the Amended Constitution of the Federal Republic of Nigeria, 1979.

In line with the existing Revenue Allocation formula, the share of the Federal Government from the Federation Account is five point four-five-eight billion Naira, while the States and the Local Governments will be allocated three point zero-two-seven billion Naira and zero pointnine-nine-two billion Naira respectively. When the Federal Government Independent Revenue of one point three-one-four billion Naira is added to its share of the Federation Account, its total anticipated revenue for 1985 will be six point seven-seven-two billion Naira.

The revenue Estimates for 1985 are, as usual, based on the projection of revenue derivable from the oil and non-oil sectors of the economy. Whilst the fiscal and monetary policies of Government as well as the effectiveness and efficiency of the various revenue collecting agencies determine, to a large extent, the revenue derivable from the non-oil sector, external factors, over which Government has very little control continue to influence revenue accruing from the oil sector. The trend for the past decade has been that over 60 % of the total federally collectable revenue for each year is derivable from the oil sector of the economy. The projected revenue for 1985 shows that the trend is yet to be reversed, as it has been estimated that out of the total revenue of eleven billion two hundred and thirty seven thousand eight hundred and nine Naira, the sum of seven billion four hundred and forty five thousand eight hundred and nine Naira, or 66.3 % will accrue from the oil sector while the remaining three billion seven hundred and ninety-two thousand Naira will be derived from non-oil sources.

Government is aware that until the current over-dependence of the revenue base on proceeds from oil is reversed, the realisation of projected revenue estimates will continue to be unpredictable. The process of reversing this unacceptable pattern of revenue has begun. The Federal Government has fully committed itself to the implementation of the LNG project and will also not relent its current intensive investment effort in the Agricultural and Mining Sectors.

In order to reduce to the barest minimum, the usual gap between projected and actual revenue realised, a new approach has been introduced which will ensure that revenue collecting agencies meet their targets of projected revenue for the 1985 fiscal year. Hitherto, it has been customary for Ministries/Departments and Parastatals to concentrate on proposals relating to Recurrent, and Capital Expenditures without corresponding attention being given to the generation of revenue. For the 1985 revenue estimates, Ministries/Departments and Parastatals will have their performance in revenue generation constantly monitored to ensure that they attain and, where possible, improve on their revenue targets.

Furthermore, Government, has already embarked on reorganisation of the various revenue collecting agencies, with a view to making them more effective. As the various measures being taken by Government to revive the economy begin to have the desired effects, it is hoped that there will be an improvement in commercial activities that will lead to the full realisation of the projected revenue.

A new Decree, Finance (Miscellaneous Taxation Provision) Decree will soon be promulgated to amend both the Income Tax Management Act 1961, and Company Income Tax Act, 1979. The Decree aims at, among other things, extending deduction of tax at source to other items of income such as royalties, contracts and fees accruing to individuals and companies, and also increasing the existing rate of tax deduction at source from twelve and a half per cent to fifteen per cent. The Decree will introduce improved earned income relief. The Minister of Finance will elaborate on the provision of this Decree in due course. As part of its efforts to increase revenue, Government has decided to introduce two new measures in the new year, namely : a levy on air tickets for journeys outside Africa and a pre-operation levy on dormant companies.

RECURRENT EXPENDITURE

The total Recurrent Expenditure for the 1985 Fiscal Year will amount to five point four-seven-three billion Naira. Of this amount three point five-four-one billion Naira will be spent on Personnel Overhead Costs. The total Consolidated Revenue Fund Charges amount to three point zero-one-one billion Naira. The Consolidated Revenue Fund Charges, which is a first charge on the Consolidated Revenue Fund was traditionally regarded fully as a Recurrent Expenditure item. It has now been split into two parts. The first part made up to the provisions made for the judiciary, Pensions and Gratuities, Salaries and Allowances of some Government functionaries which in accordance with the provisions of the Constitution should be part of the Consolidated Revenue Fund Charges and interests on loans, all amounting to one point nine-three-one billion Naira is now debited to Recurrent Expenditure. The second, which is repayment of loan capital amounting to one point zero-seven-nine billion Naira is now regarded as part of Capital Expenditure Estimates. Accordingly, therefore, the total Recurrent Expenditure of the Federal Military Government for the 1985 Fiscal Year amounts to five point four-seven-three billion Naira. Government will continue to ensure that all its Agencies carry out personnel and management audits, maintain utmost financial prudence and discipline and adopt cost-saving devices in the performance of their duties.

CAPITAL EXPENDITURE

The total capital expenditure for 1985 will be five point seven-nine-six billion Naira to be financed by recurrent surplus of one point two-nine-nine billion Naira, internal loan of two point two-six-seven billion Naira and external loan of two point two-three-zero billion Naira. The 1985 capital expenditure estimate is one point eight-six billion Naira higher than that of 1984 as a result of the additional expenditure required to lessen the effects of the current economic recession and to find a solution to the problem of cost escalation caused by projects not being completed on time. Ministerial departments must endeavour to complete such projects nearing completion, particularly, those that have strong linkages with other sectors.

A sum of one point zero-seven-nine billion Naira out of total capital budget will be used for principal loan repayment which is a Consolidated Revenue Fund Charge.

STATE FINANCES

The total projected revenue accruable to the Federation Account in 1985 is nine point nine-two-three billion Naira. This will be distributed among the three tiers of Government: that is, Federal, States, and Local Governments in accordance with the existing formula on revenue allocation. The Federal Military Government has taken a decision on the management of the special Funds for Ecological Amelioration and the Development of Mineral Producing Areas and the relevant Decree will be promulgated soon. Although Development Loan Stocks amounting to three hundred million Naira will be floated during 1985 on behalf of the States, the proceeds will be tied to specific projects in the Development Plan approved by the Federal Ministry of Finance in consultation with the Ministry of National Planning. No other financial assistance will be granted to the States except in very exceptional circumstances.

I now wish to touch on some of the sectoral highlights in the budget.

AGRICULTURE, WATER RESOURCES AND RURAL DEVELOPMENT

To underline this Administration's emphasis on the provision of food and raw materials, a sum of one point zero-six billion Naira which represents over 18 % of total capital Budget for 1985 has been allocated to the agricultural sector.

In addition to Agricultural Investment Bureau already functioning within the Ministry a comprehensive insurance scheme to protect agricultural produce against various forms of hazards will be established in 1985. Furthermore, lending institutions are being directed to grant enhanced periods of moratorium on loans for agricultural purposes.

The contribution of Hadeja-Jamare Chad Basin and Ogun Oshun Authorities to the grain, tomato and water requirements of our people and livestock have registered significant improvements. Also fertilizer distribution has been more honest and efficient. The delay and waste experienced in previous years have been eliminated.

The organised River Basin and Rural Developmnent Authorities, will, in 1985, assume full responsibility for all federally-funded agricultural and Water Resources Projects. They will cease to be involved in direct production. Instead, they will concentrate on extension services to individual farmers.

Their programmes and activities will be closely co-ordinated with those of the State Government Agencies as well as the World Bank-assisted Agricultural Development Projects (ADPS). The importance of the ADPS is reflected in the allocation of over 15 % of the total funds for agriculture in 1985 as Federal Government's contributions to the projects.

FEDERAL CAPITAL TERRITORY

When presenting the 1984 Budget, I said *inter alia* that this Administration would adopt a programme of orderly movement to Abuja. In compliance with this pledge, 1984 was devoted to reassessing progress made so far in developing the territory and cleaning up the mess perpetrated by the previous civilian Administration. It is our hope that the steps taken so far will facilitate the development of the city and its environs so that orderly movement could commence in 1986.

A provision of two hundred million Naira for the excution of capital projects in the Federal Capital Territory has been made for 1985 from our own internal sources. An external loan provision of one hundred and seventy million is also included. In order to ameliorate the acute shortage of high and middle level manpower that has be-devilled FCDA, a team of local and outside managers with considerable experience would be appointed in 1985 to provide managerial support to FCDA.

Also, from now on, Government will concentrate on the provision of infrastructural facilities and buildings for its own use while the private sector, through incentives, will be encouraged to provide housing and office accommodation for non-government use.

PETROLEUM

In spite of the decline in revenue, the Federal Military Government has allocated two hundred and ninety three million Naira for the continued execution and completion of development projects being undertaken by the Nigerian National Petroleum Corporation. The allocation which represents about 5 % of the total Federal Government Capital Budget will enhance the speedy implementation of phase I of the Petro-chemical programme that is expected to come on stream in 1986. The construction of a new 150,000 barrels per day refinery at Alese-Eleme near Port-Harcourt is about to start. It is expected that at the present rate of consumption of petroleum products, the new Port-Harcourt Refinery when completed in 1987 will enable our country, for the first time in its history, to eliminate the need to import finished petroleum products. The project will generate further employment opportunities for Nigerians and the government will make a net foreign exchange saving of about one hundred million Naira per annum. The LNG project has been revised and its implementation will be vigorously pursued.

It is now clear that this Administration has restored sanity to the bunkering business. The losses experienced through the criminal actions of some Nigerians who collude with foreigners to smuggle petroleum products out of the country for their selfish interest have been virtually eliminated. The Task Force established by Government to track down all illegal trafficking in oil and its products has continued to carry out its task successfully throughout the country.

COMMERCE AND INDUSTRIES

In the industrial sector licences worth three point five billion Naira for Raw Materials, equipment and spare parts were issued to bona fide manufacturers to keep factories going. Key federally-sponsored industries were given priority attention. Jebba Paper Mill has been completed. When fully operational it will save the country sixty five million Naira in foreign exchange. The newsprint factory near Calabar is due for completion by June 1985 and newsprint shortage will ease during the year. The Iwopin Mill and Oshogbo Plant Tools will be given priority attention in 1985. Savannah Sugar Company has been rehabilitated. It will yield twenty thousand tons of sugar in 1984/85 season and forty thousand tons in 1985/86 season. Nkalagu and Calabar Cement Plants are being revived.

Ashaka, Sokoto and Benue Cements are all producing at full capacity. In addition the Onne/Port-Harcourt fertilizer plant will be completed on schedule and the Kaduna fertilizer factory expanded. A total of 39 industries were resuscitated and 21 given locational approval.

I am happy to note that the private sector has responded to the new circumstances by adjusting and taking advantage of government measures such as the curb on smuggling. The government also appreciates the willingness of industries to invest in raw material and food production. I appeal to industrialists to introduce more cost saving measures, invest in research for local raw materials and avoid confrontation with government and workers.

COMMUNICATIONS

Government has approved a complete re-organisation of the Ministry of Communications and the Parastatals/Departments under it. One result of this is the creation of NITEL which combines NET and the Telecommunications Department of the P & T. NITEL is a limited liability company with government majority shareholding. Its mission is to provide reliable telecommunications services throughout the country. The Postal Services Division has been constituted into an Extra-Ministerial Department under the Ministry of Communications.

Telephone facilities are gradually being restored and there is noticeable improvement in some trunk and local exchanges. What government will concentrate upon now will be maintenance of physical facilities and collecting due revenue.

DEFENCE

Notwithstanding the constraints imposed by the fall in Federal Government Revenue, the allocation made to the Armed Forces in 1985 will ensure effective surveillance over our country's Land, Sea and Airspace. The general welfare of the rank and file of the Armed Forces will also be adequately catered for.

Training of Officers and men of the Armed Forces will be given top priority and most of this will, as far as practicable, be undertaken locally. Reasonable appropriation has been made to support the continued operation of the Nigerian Defence Academy as a degree-awarding Military establishment.

Domestic production and procurement of military software will be stepped up while military Research and Development will be agreed to promoting self-reliance in the provision of the light armament requirements of the Armed Forces. This is designed to reduce importation of small arms to the barest minimum and at the same time, promote the acquisition of essential basic military technology and widen employment opportunities.

EDUCATION, SCIENCE AND TECHNOLOGY

Government has allocated eight hundred and eighty million one hundred and sixty thousand three hundred and forty Naira to Education, Science and Technology. This represents 7.8 % of the total recurrent and capital expenditure estimate for 1985. Owing to the continuing decline in revenue, Government can no longer subsidize the feeding of students in higher institutions. The University authorities have facilitated negotiations between students and caterers and workable arrangements have been made by the students of each post-secondary institution. This leaves the government the responsibility of financing tuition and providing adequate laboratory and library facilities for effective teaching. However, the minimal fees chargeable for hostel accomodation will remain unchanged.

As part of measures to put the new six-three-three-four system of education on a sound footing, arrangements have been completed for the supply of workshop equipment to 6,500 junior Secondary Schools throughout the country at a cost of one hundred and five million Naira. The Federal Government will also, in the new year, award post-graduate scholarships to deserving Nigerians to the extent of available resources. Such scholarships will be tenable in local institutions, other than courses not available locally.

To enhance the promotion of science and technology for development, the activities of the various research institutes will be rationalized and directed towards supporting agriculture, industry and health delivery. On the whole the Institutes are to be more generously funded this year.

HEALTH

In order to extend health care delivery right to the village level, health centres and clinics will be adequately equipped under the existing primary Health Care Scheme. It will be recalled that I launched the programme of immunization in October this year. This is part of the effort to control incidence of diseases that constitute a major cause of mortality and disability.

The Federal Ministry of Health is actively involved in the control of the diseases through an expanded programme on immunization. Plans are under way to set up institutions, when funds became available, for research and training of traditional health personnel and for the establishment of a National Board on Traditional Medicines. Government will also strengthen the institutions responsible for training medical and paramedical personnel.

Committees to study the national health policy, national drug formulary and essential drug list as well as financing the health care delivery through health insurance are already at work. They are expected to come out with recommendations for improvement during the coming year. Funds have been earmarked to enable the various teaching hospitals to continue with their projects. Special attention will be given to the availability of drugs through organised and selective importation and local manufacture. Government expects an improvement in the general field of medicare during 1985.

INTERNAL AFFAIRS

In 1985, efforts will be intensified in:

1. decongesting prisons and improving living conditions of prisoners throughout the Federation;

2. repatriating illegal aliens and preventing their influx into the country;
3. monitoring compliance with Expatriate Quota laws and regulations; and
4. checking abuses and practices connected with passports and other travel documents. Considerable success was achieved in these areas in 1984.

The new prisons projects planned to accommodate seven thousand one hundred and four inmates throughout the Federation will be prosecuted with as much vigour as resources permit. Apart from decongesting the prisons, increased accommodation will facilitate categorisation and classification of prisoners and provide an avenue for reformative programmes. Besides, necessary steps are being taken to ensure that suspects awaiting trial are not kept in prison for unduly long periods.

Consideration is also being given to the possibility of introducing suspended sentences and greater use of fines for relatively minor offences.

The need for accurate demographic statistics on Nigerian citizens has become very urgent. The arrangements to register and issue National identity cards to Nigerian citizens, which has been on, will be taken a stage further in 1985.

For security reasons, the Federal Military Government has decided to transfer, with effect from 1st January, 1985, the Department of Customs and Excise from the Federal Ministry of Finance to the Federal Ministry of Internal Affairs. From 1985 therefore, regular joint patrols of our borders will be undertaken by immigration Officers, the Police, the Army, and the Officers of Department of Customs and Excise.

EMPLOYMENT, LABOUR AND PRODUCTIVITY

The level of unemployment particularly among school leavers and graduates continues to be of great concern and anguish to this Administration. However, the report of the Committee on Gainful Employment is receiving active consideration.

It is expected that its recommendation will provide useful ideas for tackling the problem. The Government appreciates the responsible behaviour of unions in showing understanding and offering constructive solutions to unemployment problems and over-all industrial relations.

MINES, POWER AND STEEL

One of the major problems which demanded the immediate attention of this Administration at its inception was the frequent interruptions in power supply and its effects on the life of the country. This Administration has since restored much of the system to its operating capacity and improved the reliability of power supply to the nation. There have, during the year, been temporary setbacks but the main trend is improved and more regular power supply to homes and to industry.

Furthermore, the Federal Military Government will continue to work on a number of projects so as to achieve improve generation and distribution of power throughout the country. In pursuance of our policy of rural development and increased well-being of rural communities, the programme of the electrification of all Local Government Headquarters will carry on in the 1985 Fiscal Year.

As a long-term measure for increasing safeguarding power supply, NEPA will carry out the necessary feasibility studies for the construction of hydro thermal power stations at Onitsha, Kaduna, Makurdi, Oron, Mambila Plateau and Katsina to supplement the big plants at Afam, Sapele and Egbin which is nearing completion.

In view of the shortage of funds during the past three years, it has become necessary to reschedule the completion of the Ajaokuta Steel Project for the end of 1988. Accordingly, funds will be allocated during 1985 to the project and its associated projects, that is the development of the Itakpe Iron Ore, construction of the Itakpe-Ajaokuta rail link and the dredging of the Niger so that this revised completion schedule is realised.

The new steel projects planned for implementation during the current Plan period are being kept at the study stages only. These include the High Alloy Grade Steel Project, Aluminium Smelter Plant and Iron and Steel Foundries. However, to correct the imbalance in the product range of the steel plants, flat steel production will have to be embarked upon.

Consequently, Government is studying the feasibility of incorporating flat steel production into either the Delta or Ajaokuta Steel Plant with a view to making use of facilities at these plants to cut down investment costs and start-up time.

In the metallic and chemical mineral sectors, efforts will be intensified towards exploitation and processing of these minerals for export market in appropriate cases such as tin, lead and zinc as well as gold. These will provide foreign exchange earnings. More attention will be paid to coal for both the home market and also for export. A policy shift has been made towards the involvement of the private sector in the exploitation of these minerals, for local consumption, and for export. The Government will limit itself to providing the necessary infrastructure and industrial incentives for such investments.

EXTERNAL RELATIONS

The Federal Military Government will, in the new year, continue to play an active and leading role in shifting the focus of the Organization of African Unity from diversionary political issues to the crucial problems of economic and social development.

At Nigeria's instance, an African economic summit will be held in 1985. At home, the security of our borders is of utmost priority. Steps are being taken to give effect to our commitment to much closer cooperation with our immediate neighbours in the West African sub-region with a view to preventing illegal migrants, smuggling and currency trafficking. The Federal Military Government will therefore continue to maintain good relations with all our immediate neighbours. We will continue to work for the achievement of permanent peace in Chad. With the admission of the Saharawi Arab Democratic Republic (SADR) into the Organization of African Unity, we will watch, with keen interest, the peace process in the Western Sahara. Our commitment to the total eradication of racism and apartheid remains unshakable, and we will continue to work towards the achievement of Namibia's independence.

On the global scene, Nigeria will remain an active member of the United Nations, the Organisation of Petroleum Exporting Countries (OPEC) and the Commonwealth. The Federal Military Government will also continue to strengthen bi-lateral relations between Nigeria and her major trading partners throughout the world.

TRANSPORT AND AVIATION

The Federal Military Government will continue to pursue its policy objective of developing and providing reliable and efficient transportation systems by rail, road, water and air. To this end, a sum of two hundred and eighty three million one hundred and seventy thousand four hundred and eighty nine Naira has been allocated to this Sector. This is about 4.9% of the total Capital Estimate for 1985.

Dredging the River Niger to make it more navigable will be continued. The Dockyard Project Development started for Lagos, Burutu and Port Harcourt which are now at advanced stage should be completed in 1985. More navigation aids at the airports will be provided to ensure that Nigerian airspace is as safe as possible. Also, priority will be given to the development of high level manpower for the specialised and sophisticated services associated with the aviation industry. To increase the revenue of the Nigerian Railway Corporation and save our roads from deterioration, this Administration requires all public sector agencies and parastatals to patronize the railways in the transportation of bulky goods and industrial materials.

WORKS AND HOUSING

The Federal Military Government will continue to maintain the network of roads some of which have deteriorated. In addition, a few key highway projects undergoing construction will be completed. At the same time, maintenance of public buildings, machinery and equipment and other capital assets will be given higher priority.

Meantime, the Federal Military Government has decided to transfer, with effect from 1st January, 1985, the Federal Fire Service from the Federal Ministry of Internal Affairs to the Federal Ministry of Works and Housing.

Government will get out of direct financial involvement in housing construction other than for its workers. The thrust of policy with regard to housing will be to open up areas through the provision of access roads and serviced lay-outs to enable private organisations and individuals to develop houses for their residential, industrial and commercial uses. The Federal Mortgage Bank is being reorganised and will henceforth, be required to concentrate its assistance to workers especially those in low-income groups.

POLICE

In pursuance of our Policy to improve the overall efficiency of the Nigeria Police Force, this Government will continue to wage war on organised crimes notably armed robbery, currency trafficking and drug peddling. To match modern weapons used by armed criminals in the country, sophisticated and highly reliable firearms and telecommunication equipment will be provided for the Police Force to continue the present progressive steps embarked upon since the inception of this Administration in protecting life and property. More emphasis will be placed on the training and retraining of Police personnel to give greater effectiveness and improve expertise in crime detection and maintenance of law and order. Provision of accommodation will be given priority in the welfare programme for the Police. Well equipped and modern operational computers will be installed. In order to generate better understanding and co-operation of members of the public, Police/civilian committees have been established throughout the country thus giving members of the public opportunity to air their views and to have a say in the work of the Police.

PUBLIC COMPLAINTS COMMISSION

In 1985, the Public Complaints Commission plans to establish 5 Area Offices in each State of the Federation with a view to ensuring that the Commission's services reach the grassroots, particularly the citizens in the remotest rural areas of the country. Qualified and experienced personnel will be recruited to handle the publicity work of the Commission in all the State Branch Offices. The objective is to ensure that every aggrieved citizen of this country is given access to the services of the Ombudsman.

INFORMATION AND SOCIAL DEVELOPMENT

There is clear evidence that the War Against Indiscipline (WAI) has achieved a reasonable measure of succes. It is intended to intensify the campaign in 1985 with the launching of the 4th phase which will be War Against Corruption and Economic Sabotage. I need not remind you that the programme and campaign for national consciousness and mobilization is a continuous one to achieve a social reorientation of our people and to build a new society. It is expected that 58 new sub-centres for public enlightenment will become operational in 1985.

The Youth are the foundation of a better future for our nation, 1985 is the International Youth Year and Nigeria will participate actively in festivities to mark the occasion.

DETAINEES

In furtherance of our policy that no person will be kept in detention longer than necessary, the Federal Military Government has ordered the release of 144 detainees. In addition a total of 2,407 prisoners have been granted amnesty and will be freed. Further details will be given by the Supreme Headquarters. Every effort is being made to expedite the investigations into the activities of persons still in detention. Those who have a case to answer and on whom investigations have been concluded will be sent before the Special Military Tribunals promptly.

CONCLUSION

Fellow Nigerians, 1985 will be a year in which the economy can start to recover. The Government is aware that life has been difficult in 1984. The recession which started since 1981 is not yet over. Our achievements in 1984, have to be sustained and improved upon before the economy can recover. The economy continues to suffer from the problems of low production, scarcity of essential commodities, unemployment and inflation.

However, the lesson, from our experiences on the issue of essential commodities in 1984 is that our people must learn to be more resourceful and innovative in the use of local resources, whether of food or raw materials. The Federal and State Governments will ensure strict financial discipline and efficient use of resources. The Government is doing its best for you. We request you also to do your best so that together we can pull our country out of its difficulties.

Public servants must demonstrate greater awareness of their responsibility to the Administration and improve on their performance in the New Year. Commitment, public accountability, integrity and discipline are requirements in the public service on which this Administration will not compromise. This country deserves dedication, loyalty and patriotism from all its people and, in particular, those who have chosen to work in the public service. This Administration is dedicated to service and sacrifice to this country. We continue to require your co-operation.

The Administration thanks the large number of Nigerians who have offered advice to the Government either by direct communication or through the press. We also thank those who have accepted part-time assignments in aid of our country. I assure you that the Government considers public opinion and contribution vital to its success.

I would like to thank officers and men of the armed and uniformed services for their dedication to the leadership of Nigeria and sharing in the general sacrifice and collective effort to get Nigeria back on the path of prosperity.

A Happy New Year to you all, and May God be with us.

NIGERIAN ECONOMIC CRISIS: THE WAY OUT

Communique on ASUU Conference on the State of the Nigerian Economy*

The Academic Staff Union of Universities (ASUU) held a Conference on the State of the Nigerian Economy at the University of Benin, Benin City, from 9th-13th April, 1984. The Conference was a follow-up to a detailed report on the Economy prepared by the National Executive Council (NEC) of ASUU in 1983. The Conference was attended by participants from all the Nigerian Universities, labour unions, student unions, financial institutions, and experts from different specialised fields.

The Conference was held at a time of grave economic crisis, the worst ever in Nigeria. The crisis is characterised by chronic shortages of essential goods and services, severe paralysis of industrial production, collapse of infrastructure and services, corruption, stealing, mass unemployment and retrenchement of workers, inflation, and a huge foreign and local debt bill. The Conference took a comprehensive look at the character of the Nigerian economy, the nature and roots of the crisis, attempts by governments so far to grapple with the crisis, and alternative strategies for a self-reliant development that can permanently eliminate the disasters that presently confront Nigeria.

Following is a summary of the views and recommendations on each of the sectoral divisions under which the theme was discussed.

NATURE AND ROOT OF THE CRISIS

Conference identified the roots of the crisis to be :

(a) the incorporation of Nigeria into world capitalism by colonial imperialism,
(b) Nigeria's dependent and weak position within a declining and crisis-ridden world capitalist system,
(c) the exploitation and control of Nigeria's resources by foreign firms such as Shell, Mobil, Texaco, UAC, Lever Brothers, Leventis, ITT, Julius Berger, First Bank, Union Bank etc.,
(d) the presence of a local exploiting class whose members aid the foreign firms to steal Nigeria's wealth and transfer it abroad,
(e) government repression and oppression of Nigeria workers through decrees, labour laws and policies, wage freeze, and taxation in order to guarantee gigantic profits for the firms referred to in (c) above,
(f) the stealing, on a massive scale, by foreign and Nigerian contractors, politicians, distributors, and commission agents who do not contribute to production.

It is clear from the above picture that the Nigerian economy is operated mainly to enrich and satisfy foreign interests and countries which see Nigeria as a source of cheap raw materials and labour, and a vast market for imported goods. Because of this, Nigeria's productive potential is impeded and underdeveloped. In short, Nigeria's economy is operated to intensify underdevelopment, rather than to promote development.

* *Academic Staff Union of Universities.*

Conference agreed that any country's economy run as described above is always plagued by severe crisis. Examples of such countries are Zaïre, Sudan, Kenya, Ghana, Brazil, Mexico, South Korea, India, Pakistan, Saudi Arabia and Israel.

Conference therefore rejected the government's claim that the crisis is due to «World-Wide Recession» and a fall in oil revenue. It was noted that the present daily revenue of about ₦ 30 million is enough to provide Nigeria's needs. Conference noted that the over ₦ 55 billion realised from oil in 25 years have not been used to improve the quality of life of the working masses. Conference further noted that in contrast to Nigeria, oil-producing countries like Algeria and Libya have used oil revenue to develop their societies and rescue their economy from the crisis that we now have.

ECONOMIC DEVELOPMENT AND PLANNING

Conference noted that the failure of development plans was due to unwillingness of government to recognize the characteristics of the economy as outlined in (a-f) above. Consequently, planners deceive themselves that Nigeria can become an industrialized capitalist country like Japan, U.K., West Germany, or France. These countries developed through slave trade and colonial conquest. Conference further noted that Nigeria cannot plan an economy which it does not control. Therefore, the objective of planning should be to free the economy from foreign domination and exploitation. Conference recommends that all development plans must be drawn up and executed with the full participation of labour unions, peasant organisations, student unions, village committees, and associations of petty traders and artisans.

ENERGY AND MINERAL RESOURCES

Conference noted the absence of comprehensive and reliable data on the country's energy and mineral resources. Vital information on these resources is available only to foreign firms which hoard and distort data to defraud Nigeria. Surveys of even sensitive minerals like uranium and columbite are contracted to foreign firms whilst departments of Geology in our institutions are idle. Mineral exploration is also confined to areas that benefit foreign industries. Energy from water is under-utilised. Millions of naira worth of natural gas is burned off daily while wood energy is wasted through bush burning and uncontrolled lumbering.

Conference therefore calls on government to take these immediate steps to increase and conserve these resources:

(i) a survey of all mineral resources to be conducted by departments of Geology in our institutions,

(ii) stop gas flaring by oil companies and enforce gas re-injection regulations.

NATIONALIZE OIL SECTOR

On oil, Conference noted the monopoly of foreign companies in exploration and distribution. Conference also recognised the dangerous situation whereby foreign companies own the six terminals through which crude oil is exported. This is responsible for stealing of oil by ships, all of which are also owned by foreign countries. Since oil constitutes over 90 per cent of our revenue, Nigeria's full control over the oil sector is the first step towards economic independence. Conference recommends immediate nationalisation of the oil sector as has happened in Algeria and Libya.

OPEC

Conference supports Nigeria's membership of OPEC and urges the government to fight for increase in quota and prices. Conference also endorses government's commitment to enforce oil embargo against South Africa in accord with UN and OAU resolutions. Conference supports efforts to halt oil smuggling and urges government to publish the identity of those responsible. Conference joins with, and affirms the NLC position in its January 6 (1984) document to the FMG to treat oil smugglers as saboteurs.

ELECTRICITY AND NEPA

Conference agreed that NEPA's failures are due to: primitive administrative control, shortage of expertise, fraud and corruption in supply of equipment/parts, and collusion between Nigerian politicians/contractors, and foreign firms in importing generating plants at about ₦ 1 billion a year. Without adequate and reliable electricity supply, industrial production and scientific experiment are impossible. Conference therefore calls on government to ban importation of generating plants, purchase and supply equipment and parts directly to NEPA and use money saved from these to employ the engineers and personnel that NEPA needs. Government should pledge adequate electricity supply to all the country within 3 (three) years, i.e. by 1987.

INDUSTRIALISATION

Conference condemned the industrialisation policy whereby foreign companies dominate industrial production. This policy allows industrialised capitalist nations to bring into Nigeria discarded equipment and parts and raw materials at inflated cost. Expatriate personnel are «imported» along with the machinery. Import bills and home transfer of profits drain foreign reserves. At present this consumes over 70 per cent of external reserves. The net result is increasing debt bill and technological underdevelopment.

IRON AND STEEL

Conference welcomed the investment in this area. However, the design and execution of these projects, except the Ajaokuta plant, will not promote Nigerian steel technology. This is because the projects are of the turn-key type, i.e. one in which a foreign country sells to Nigeria the patent, design, construction, production and maintenance personnel. This arrangement benefits the foreign country and hinders indigenous technological advancement. The Aladja Steel plant and its rolling mills at Oshogbo, Jos, and Katsina are examples of turn-key projects. Hence the steel they produce costs three times more than it is in the world market. Other turn-key projects are the Motor Vehicle assembly plants in Kaduna, Lagos, Ibadan, Bauchi, and Enugu. The oil refineries in Warri and Kaduna, cement works, breweries, textiles, electronics are other examples.

Conference calls on government to renegotiate all turn-key projects to ensure Nigeria's dominant control, compel all industries to use local raw materials where these are available, and nationalise or shut all industries which fail to comply. Government must set up heavy industries that will manufacture machinery and tools for production of basic needs, not luxuries. More pharmaceutical, textile, and fertilizer industries must be established by government. The petrochemical projects at Warri and Kaduna should be speeded up to expand the country's industrial base.

AGRICULTURE

Conference reviewed government programmes under this sector, e.g. Farm Settlement Scheme, Accelerated Food Production, Operation Feed the Nation, Integrated Rural Development, River Basin Development Authority, and Green Revolution. Conference Observed that billions of naira spent on these schemes were embezzled by contractors and past governments.

Conference therefore recommends the following urgent measures :

(i) ban importation of food items (rice, milk, beef, chicken),
(ii) ban importation of fertilizers and mass produce them locally,
(iii) abrogate laws that enable firms and individuals to steal peasant land,
(iv) confiscate the property of all those who obtained loans without engaging in food production,
(v) establish producer-cooperatives for farmers and distribute fertilizer and loans through them only,
(vi) establish government agro-allied industries,
(vii) construct conservation and preservation facilities to eliminate waste of farm products,
(viii) disband all River Basin Authorities and turn their assets over to peasant cooperatives,
(ix) compensate all farmers who lost cattle during the recent rinderpest epidemic,
(x) compel all private firms and companies to pay a levy of 10 per cent of profit into an Agriculture Revival Fund.

INFRASTRUCTURE AND CONSTRUCTION

Conference noted that foreign contractors dominate this sector. Examples are Julius Berger, Dumez, Strabag, D'Alberto, Sonel Boneh, ITT, Dave, General Electric. Even sensitive structures like barracks, airports, naval bases, and telecommunications are constructed by companies from imperialist countries. This endangers national security. The contractor system also gulps up huge finances through inflated cost, stealing, and abandonment of projects. Conference therefore calls for immediate nationalisation of this sector.

LABOUR

The problem in this area are a consequence of the exploitative capitalist economy and the repressive and undemocratic character of government. Government labour policy is a continuation of the colonial one which viewed the worker as an object to be exploited in order to increase profit. Unemployment, retrenchment, and non-payment of wages have worsened as a result. It is workers who create the wealth that sustains the country. A government that supports exploitation and oppresses the workers politically is an anti-people government. Therefore, conference calls on the workers and oppressed classes in Nigeria to intensify their struggle to establish a government that will banish exploitation and guarantee political and democratic freedom.

RETRENCHMENT

Conference strongly condemned and rejected the current retrenchment exercise because it :

(i) is a wrong solution to the present economic crisis,
(ii) will increase mass unemployment and aggravate shortage of manpower,
(iii) is a disguise for enforcing I.M.F. conditions which the generality of the populace have rejected,
(iv) will demoralise workers and consequently lower productivity,
(v) will increase hunger and poverty, break homes through divorces, and worsen social insecurity.

Conference calls on the military administration to halt forthwith the retrenchment in public and private sectors. Rather than retrench, government should expand the labour force to employ all able-bodied persons and thereby accelerate production of goods and services. Conference urges government to immediately arrange a meeting with the NLC to work out a comprehensive programme on how to mobilize Nigeria's enormous manpower resources to revive the depressed economy in order to ward off the impending I.M.F. disaster.

SALARIES AND WAGES BILL

Conference also rejected government claim that salaries and wages are a drain on the economy. Conference produced abundant evidence to show that stealing, embezzlement, contract inflation, rents, and illegal transfer of company and private wealth were responsible for depleted treasuries.

ANTI - LABOUR DECREES

Conference calls on government to repeal all anti-labour decrees and acts because they violate the principle of collective bargaining in a free enterprise economy. In particular, conference demands the full restoration of the trade union rights of workers in Central Bank, Mining Corporation and all other parastatals referred to as essential services. Conference urges the government to enact a decree making it mandatory on all employers to pay full benefits to any worker before retirement. Conference also affirms support for NLC demand that minimum pension should be equal to minimum wage.

EDUCATION AND SOCIAL DEVELOPMENT

Conference identified education as the strongest weapon in the struggle for Nigeria's economic, political, and cultural independence. It was agreed that the present 70 per cent rate of illiteracy is a major obstacle to the rapid development of the economy. Conference was convinced that any government which is opposed to a speedy elimination of illiteracy is an enemy of the Nigerian people. On funding, Conference affirmed that this must be borne by the state (government). Conference therefore rejected the wrong notion that government funding of education is an act of grace, because the wealth of the country is collectively produced by the working people. No government therefore has a right to deny the people the use of their wealth to provide education. Conference further affirmed that the economy, though in crisis, is capable of providing education for all. Conference therefore rejects the claim by the military administration that there are not enough resources for educating the people. It was proved that the current high cost of education is due to reliance on corrupt contractors and officials.

Consequently, conference condemned the introduction of fees and levies by various governments. Conference therefore expresses full solidarity with the National Association of Nigerian Students (NANS) in its efforts to defend the people's right to education. Conference urges the military administration to arrange an urgent dialogue with NANS, NLC, ASUU, POSSAN and Association of ATC teachers to work out a programme of funding universal education and a review of educational system to make it relevant to the national needs of Nigeria.

WOMEN AND ECONOMIC DEVELOPMENT

Conference observed that women who make up more than half of the population are always neglected, exploited, and discriminated against. Conference noted that women are crucial in economic and social development. The denial of educational and political opportunities to women is a major obstacle to the full realization of the country's productive potential. Conference further noted that sex discrimination in terms of wages, bonuses, leisure, and responsibilities frustrate women workers. The absence of government-run day care centres and nurseries impose further burdens on women. Conference therefore calls on government to remove all the obstacles in order to free women from the backward and oppressive socio-economic conditions. Conference also calls on women to struggle, through unions, village associations, and patriotic organisations, for a just and non-exploitative society which alone can guarantee the rights presently denied women.

HEALTH, HOUSING AND TRANSPORT

Conference noted the unjustifiable lack of adequate medical care, housing, and social welfare facilities. On health, conference noted that the present ratio of 1 doctor to about 15,000 persons constitutes a major setback to the rapid economic recovery being pursued by the military administration. Conference further noted the worsening of this situation by the introduction of health fees and levies. Conference therefore calls on the military administration to provide free medical services to all.

On housing, conference urges the government to work out (in collaboration with the NLC, professional associations, and village/rural committees) a massive programme that can provide cheap and hygienic housing for all citizens. The use of contractors for constructing houses should be discontinued immediately. Houses should be constructed through voluntary, direct labour, and the allocation of completed houses should be based on participation in the building programme.

TRANSPORT

Conference noted that for the economy to improve rapidly, the free and cheap movement of goods and persons should be given priority. Conference therefore calls on the Federal Government to develop modern water and rail transportation throughout the country. The Federal, State and Local governments should also establish subsidized public transport systems for inter-city, intra-city, and inter-village movement.

COMMERCIAL BANKS AND FINANCIAL INSTITUTIONS

Conference noted the dominance of this sector by foreign interests and countries. Conference further observed that banks, insurance corporations, and other financial houses aid the illegal transfer to foreign countries of wealth and monies stolen or embezzled by foreign and indigenous contractor/politicians. It was also noted that extension of banking facilities to rural areas is an additional avenue for the urban rich to divert for their use the savings of the rural poor. Conference also observed that banks and financial institutions which contribute nothing to real Production reap gigantic profits even in these times of depression. In view of the above-named counter-productive activities of these institutions, conference recommends immediate Nationalisation of this sector.

DEBT TRAP AND IMF

Conference noted that the present mounting debt bill and the impending IMF loan are a consequence of Nigeria's enslavement to foreign economic interests. These loans have worsened our economic condition and thereby undermined the independence of the country. By present reckoning, about 50 per cent of annual revenue will be consumed by loan servicing in the next few years.

IMF DANGER

Conference condemned the proposed ₦ 1.78 billion loan from the International Monetary Fund (IMF). Conference noted that in addition to workers, students, and professional bodies, all conferences and seminars held by even imperialist multinational firms have unequivocally rejected the IMF loan as a way out of our balance of payments crisis. Conference was also shocked at the apparent determination of the military administration to accept the loan in total disregard for the universal opinions of the Nigerian people. Conference therefore calls on the government to reject the loan because of these dangerous consequences:

- devaluation of the naira and escalation of inflation
- severe curtailment of education, health, water, electricity and other public facilities
- mass retrenchment of workers
- ban on employment
- freeze on wages and benefits
- interference of imperialist countries in planning ministries, Central Bank, defence and security, and ports
- flooding the country with useless foreign goods through relaxing of import control measures
- reduction of subsidy on petroleum products and consequently increase in transport fares, goods haulage, and vehicle maintenance.

Countries like Brazil, Mexico, Argentina, Jamaïca, Zaïre, Ghana, have been ruined by the IMF. In short the IMF loan will lead to a recolonisation of Nigeria and make nonsense of our twenty four years of independence. Conference was convinced that this disaster can be averted, and therefore calls on the military administration to summon the political courage to call off the IMF bluff.

TAXATION AND INCREASED REVENUE

Conference condemned the introduction of head tax, cattle tax, and development levies because they will further worsen the impoverished condition of the poor and oppressed masses. Conference recalled the gallant struggles of Nigerian peoples against colonial oppressors over these taxes, struggles which forced past governments to cancel the taxes.

These financial burdens are economically and politically injustified. Conference therefore calls on the military administration to cancel these taxes nation-wide. In their place, the government should introduce immediately Property Tax in all states. An estimated annual revenue of ₦ 2 billion can be derived from Property Tax in the over 50 cities and towns in Nigeria. This alone will more than compensate for the IMF loan of ₦ 1.78 billion.

TRIBUNALS AND RECOVERY OF LOOT

Conference examined the measures being taken to recover wealth looted by politicians and contractors. Conference recommends that:

- the tribunals be composed of representatives of labour unions, students unions, the Bar Association, and representatives of the rank and file of police and the armed forces;
- the trials be made public so that the principles of justice and fair play can be best guaranteed;

- banks, firms of contractors who aided and abetted the loot be nationalised.
- Nigeria shoud nationalise the assets of any country which fails to deport any of the wanted fugitives in foreign countries.

WAI : WASTEFUL DIVERSION

Conference considers the current War Against Indiscipline (WAI) as a deliberate attempt to divert the attention of the people from the fundamental problems of the society. Conference commends the patriotism and self-control of the masses despite the provocation by various governments who collaborate with exploiters to deny the masses the basic necessities that make for orderly and dignified existence. Conference further noted that the WAI programme is part of a design to promote the culture of fear and silence so that the masses can accept the harsh and brutal economic and social measures being demanded by the I.M.F. Conference therefore calls on the military administration to abandon the War Against Indiscipline and in its place declare the following urgent wars :

(a) War Against Illiteracy (WAI)
(b) War Against Exploitation (WAE)
(c) War Against Poverty (WAP)
(d) War Against Hunger (WAH)
(e) War Against Retrenchment (WAR)

SELF-RELIANCE OR PERMANENT CRISIS

From the above, conference is convinced that Nigeria has only two choices :

(a) Continue with the present economic arrangement which has caused the present crisis.

OR

(b) Disengage Nigeria from capitalist and imperialist control and embark on a programme of self-reliance in economic, political, and cultural matters. In addition to recommendations already made above this option calls for the following :

- abandonment of import-substitution industrial policy which prolongs and worsens the technological backwardness of the country. This will ensure political and economic independence from multinationals.
- adopt an inward-looking strategy of industrial production to focus not on exports, but on satisfying the essential needs of the masses. Nigeria is gifted with abundant natural resources and large population to achieve this in a short time.
- the state (government) to exercise monopoly over planning, finance, foreign trade, heavy industries, and agriculture. Contractor system to be phased out in favour of direct labour in executing major projects.

Finally, Conference affirms that no ex-colonial capitalist country has attained economic independence without first undergoing a thorough anti-imperialist and democratic revolution. Nigeria cannot and *will not* be an exception to this rule. Conference therefore calls on the Nigerian working and oppressed people to struggle for the constant deepening of the democratic content and patriotic consciousness of the society so that a system can be created that ensures just and equitable distribution of power and resources. Conference further affirms that this is not a civilian *versus* military affair. Rather it is a struggle between *Democracy* and *Oppression,* between true *Independence* and *Neo-colonial Slavery.* Conference therefore calls on the military to once again demonstrate its patriotic spirit of the civil war days by identifying *fully* with the Nigerian people in their *Struggle* to overcome exploitation, backwardness, and economic crisis. Conference further recommends that members of the armed and police forces should be made to attend NLC – organised education courses in order to acquire the necessary patriotic and ideological *consciousness to participate* in this *Struggle.*

(Sgd.)
Dr. Mike OBADAN
Chairman, Organising Committee

(Sgd.)
Dr. Festus IYAYI
Member, Organising Committee

(Sgd.)
Comrade Jonathan Ihonde
Vice-Present, NLC.

(Sgd.)
Dr. G. G. DARAH
Communique Committee.

THE MASSES ARE THE ANSWER

Presidential Address delivered by Professor Okwudiba NNOLI at the 11th Annual Conference of the Nigerian Political Science Association May 17, 1984 in Benin

The beat goes on — and the beat goes on.

Musical chairs is now clearly part of our political culture. And the masses cheer as the various ruling classes drop out. That is, as they face the music. The first to drop out was the Royal Niger Company in 1900. It was followed in 1960 by the British Government, and in a quick succession by the British Crown in 1963. Thereafter, different factions and fractions of the Nigerian petty bourgeoisie have fallen victims to this politics. A civilian faction was ousted in January 1966 by a fraction of the military faction. Some petty bourgeois blood was spilled. A bloody repercussion visited the masses in May of that year. In July, this first military regime was drowned in a pool of blood and replaced by another military fraction. The immediate consequence for the masses was even bloodier. Indeed, it was a carnage. In addition, for thirty months following the resultant internecine quarrels among competing fractions of the military, the people were again slaughtered.

On July 29, 1975 this second coming of the military was terminated by another military fraction. No blood was shed. For the masses, it was only cheers this time. An attempt on 13th February 1976 to topple the incumbent military government by another military fraction failed. At the Lagos Bar Beach and elsewhere in the country the cheers of the masses could be heard, loud and clear, as the plotters faced the music. Also, in October 1979 it was all cheers when the military peacefully made way for the civilian faction. But another fraction of the military forced the civilians out on December 31, 1983. The people again cheered. As always, the cheering was for the music.

The people are battered and buffetted. They are cheated and defrauded by the Royal Niger Company; killed, pacified and then insulted as primitive and barbaric «natives» by the colonialists; mesmerized and cynically manipulated by the petty bourgeois nationalists; sold to the cabinet system of government, bought back by the military, and resold to the presidential system; used as cannon fodder in a fratricidal war for petty bourgeois advantages; whipped with kobokos and assaulted in various dehumanizing ways by law enforcement agents; and fed with unappetizing propaganda meals of Operation Feed the Nation, Green Revolution, Ethical Revolution, War on Indiscipline and other illusory concoctions. They are socialized into the norms of philistinism and opportunism, bribed into disbelief and cynicism, and thoroughly alienated from their work and society. Today, they are an empty shell of themselves. There is no food, no water, no light, no drug, no education, no security. Simply nothing! They live a life of nothingness. And tomorrow? The beat goes on. Cheers for the music.

The masses are beginning to be weary of the music, and hoarse with the cheers. Some are fed up with the whole charade, the political farce, and wonder when the beat will cease, and how it will all end. How much more blood, how many more slaughtered; what cost in social, economic and political progress; what cost to national prestige, national leadership of Africa, the moral integrity of the nation? How much more shame to the country, the continent, and the blackman?

Some perceptive and patriotic political scientists are haunted by the prospects of the latinamericanization of our country. Apologists of petty bourgeois reaction call them «prophets of doom». They would rather the people listened to the voodoo political scientists, the Oyewoles and Umaru Dikkos who feed on the fat of the people's tune-in into the music. Their science of hocuspocus is limited to wild guesses of who will face the music next.

Clearly, ours is a generation with a specific mission, to put the people back into history. In order to fulfil this mission, we must first correctly understand the trouble with Nigeria, why the beat goes on. We have been told that the trouble with Nigeria is its leadership. The Igbo say that a stream polluted at its source cannot be cleaned midstream. We agree. But to leave the discussion at that is to enthrone superficiality in analysis.

Of course, there are many things wrong with Nigeria. The trouble is multifaceted. It is at the same time social, economic, psychological and political. It varies from the foreign control of our economy, the consequent client mentality and high propensity to import, poor work habits, and corruption to nepotism, indiscipline, incompetence, selfishness of the leadership, insecurity, religious superstition and many more ills. The question is: which of these shortcomings is the most fundamental and critical for our generation?

In the political sphere the problem with Nigeria has been the total exclusion of the people from the political process. The small and middle-level subsistence farmers, rural-rural farm migrants, plantation workers, industrial blue collar workers, salaried workers on GL 01 – 05 and their equivalents in the private sector, day labourers, unemployed and layabouts, underemployed such as street hawkers, petty artisans including roadside mechanics, motor cycle and bicycle repairers, blacksmiths, welders, masons, carpenters, electricians, nightsoilmen, petty traders, tramps including touts at the airports and motor parks, beggars and prostitutes have been consistently excluded from politics. They have never participated directly or substantively deciding what is produced, when and how, and who gets what of th products.

Why are the people excluded? The colonialists had nothing but contempt for them. The Nigerian petty bourgeois has virtually no commitment to democracy. His undisciplined role in production cannot sustain popular political participation. Soon, his selfishness and inordinate ambition for power compel him to view democratic values and institutions as luxuries which he cannot afford. His arbitrariness in the exercise of power replaces respect for the people. Inevitably, the leader and the people drift apart under conditions of mutual mistrust. The leader trusts only himself, his blood relatives, and a gang of petty bourgeois sycophants and philistines. Others become objects for control and manipulation. He abandons the search for legitimacy and relies on lies, intimidation, blackmail, bribery and naked force. Dissenters are crushed. Rivals are liquidated. The people are dissolved into indifference and apathy. Anyone that stands up for truth and the masses is his enemy and must be bought over or destroyed. In the end he faces the music. The people cheer. And the beat goes on.

At times the people are excluded on grounds of the urgency of the immediate problem to be solved. It may be the civilizing mission of the colonialists, the drift and disintegration of the nation, or the imminent collapse of the economy. The urgency of the situation needs the skills, competence and fine points of the expert, not the interference of the «ignorant» masses. The civil servants, technocrats and consultants now proceed to bury themselves in figures, diagrams, graphs and statistics rather than in the hearts of the people. The government assumes the task of supervising the masses. It becomes an administration, relying on the police and the army to control the people merely to exact loyalty and obedience from them. The masses respond. In the presence of government officials, they behave like a flock of sheep and sing praises of the regime. Their bitter disappointment, despairs and anger only make themselves heard when the leaders and officials face the music.

The masses are abondoned in the pit of ignorance, poverty, squalor and disease. There, they are crushed, degraded, disenchanted, blinded and divided by the power of money. Far away from the economic, political and military seats of power, and outside the mainstream of modern science and technology, they live under a pervasive condition of powerlessness which needs illusions to sustain. Organized and unorganized religion cashes in on the situation. A sterile but self serving argument is advanced: that social progress for the masses in the form of the benefits from free education, free health services, free mother and child care, adequate pension, and state social insurance runs counter to economic progress because it diverts funds away from economic investment in productive enterprises. The ideology of the IMF takes control. The most important freedom encouraged in our society is the freedom to exclude the poor from social amenities and political power.

The truth is that Nigeria cannot be pulled out of its seemingly irreversible slide into economic disaster and unfathomable national humiliation without the active participation of the masses in the politics of their country. They stand in the sharpest contradiction to the forces that now degrade the nation. The inherited colonial institutions dominated by foreign capital, decadent values, and reactionary ethos represent an unjust exploitation of their labour, and the neglect of their socio-economic needs. Their interest lies solely in replacing these institutions with others which promote activities that serve the interests of the vast majority of the population.

Their track record is enviable, unexcelled. For example, during the prepetroleum days they provided the «almighty» foreign exchange.

the economic banditry of the Shagari administration. And by bearing in silence the major brunt of the consequences of the high prices of goods and services, and the loss of benefits from programmes that might have been undertaken in the broad public interest, they have been the guarantors of whatever socio-political stability there has been in the country.

Only the pressure of the vast number of the toiling masses applied through their active participation in the supervision of agricultural, commercial and industrial enterprises and supported by their organized political power is capable of eliminating poverty, overcoming economic backwardness, and in general catering to the welfare interests of the people. Such a democratic participation will stimulate the masses to greater creativity and awaken their latent desire and energy to work hard. Conscious of his political power over production, the worker will not only strive to improve his productivity but that of his colleagues as well. And as true supervisors, the masses will carry out a search for unexplored and unexploited ways to improve the results of common labour. The experience of the socialist countries is illuminating.

If the people's direct involvement in politics is thus inescapable, it must be politics of a fundamentally different kind than that practised by the petty bourgeoisie. Disappointed by the harrowing experience of our political past, the masses must discover in real action a new form of political activity which in no way resembles the old. The new politics must explode old myths, reveal unexpected and unexposed facts, diperse the most deeply rooted political illusions, and forewarn the masses of all attempts at mystification. Otherwise, as Frantz Fanon has aptly observed, «there is nothing but a fancy-dress parade and the blare of trumpets. There is nothing except a few reforms at the top while at the bottom the people are still endlessly marking time».

Under the new dispensation, the leaders must see political activity no longer as a way of bamboozling the people or lulling them to sleep but as the only method of preparing them to undertake the governing of their country and the production of their means of livelihood. They must rid themselves of the false colonial notion that the masses are incapable of governing themselves. Explanation by the leaders is the hub of the new politics. Experience proves that the masses understand perfectly the most complicated problems. If the ruling circles adopt the attitude that they can manage the country without the people's involvement, that the people hinder the running of the many limited liability companies which make the poor, then their language of explanation will be one which is obsessed with the perverse desire to spread confusion and get rid of the people.

If on the other hand the leaders really want the people to participate, to understand and speak to them in everyday language, it will be quite clear that the masses can quickly understand every shade of meaning, and learn all the principles and processes exposed to them.

The task of the leader is to continually raise the consciousness of the masses to new hights. Otherwise, the people may at any moment be disarmed by one concession or another. Their enthusiasm for the political process will wane and they will sooner or later abandon the struggle if it continues. And it will continue. Primarily, the leader must stop the people's consciousness from getting bogged down. He must realize that the involvement of the masses in politics does not consist in mobilizing many thousands of them to attend mass gatherings and spectacular meetings in the manner of a show of force. Nigerian leaders have often wrongly believed that to educate the masses politically is to deliver a long political harangue from time to time, bombard the people with crisp slogans and clichés, sermonize on the need for patriotism and godliness or launch various campaigns, operations, revolutions and wars orchestrated through the mass media.

Political education of the masses comes from their close interaction with their leaders, in which the ones teaches and learns from the other. Through such an interaction the masses generate forces which supply the leaders with their dynamic and make it possible for them to forge ahead politically, economically and socially. It also teaches the masses that the leaders are essential for the coherence of the society. Thus the masses should be able to meet together with their rulers, discuss with them, and propose as well as receive directions. Allegiance pressupposes awareness and understanding of the mission to be fulfilled no matter how rudimentary that understanding may be. The time taken up in explaining policies to the people and the time «lost» in treating them as human beings are usually made up by their enthusiasm for work.

At all times the people must know where they are going, how, and why. The future remains a closed book as long as the consciousness of the people remains imperfect, elementary and cloudy. Government business cannot be run in the manner of a conspiratorial clique, springing surprises on the people. It ought to be the business of the masses.

The people must grasp the truth and meaning of every governmental policy, programme, action and decision. Otherwise, they would begin to waver, imagining that victory is already won or that the patriotic objectives are impossible to achieve. Such a continuous programme of explanation is necessary because the people's struggle for progress is a very long one. It goes on and on. It does not consist in taking one bold giant step. «The war is not a single battle but rather a series of engagements none of which is really decisive. The final settlement of account will not be today nor yet tomorrow, for the truth is that the settlement was begun on the very first day of the war». If the situation is left unclarified it will contribute to the bewilderment of the people who will begin to splinter on the reefs of misunderstanding. The battles may be won. But the victory would certainly be lost.

However, unless the people are politically involved with the leader in an organized form, their involvement will not last. The latter's honesty will increasingly crumble. He will come inevitably to believe that his authority is hated and that the services he has rendered his country are being called to question. To the people's «ingratitude» he will counterpose brutality and oppression. This same leader who earlier had promised the people salvation, redemption or liberation will now wish to expel them from politics and history.

The political involvement of the masses is only possible within the framework of an organization, and inside the structure of the people. Their unorganized efforts can only be a temporary dynamic. Neither stubborn courage nor fine slogans can be a substitute for organization. People's power is people's organisation. Without it the masses will be too slow to take up the structural or social reforms introduced by the government even though such changes may be quite progressive. In that case, the nation will have a reasonable, even progressive, head to it; but its body will remain weak, stubborn and non cooperative. The government would have paid a price for its laziness and unrepentant mistrust of the masses.

Such an organization will succeed only when it is built around a programme. The latter presupposes clear objectives and a methodology. A viable nation does not exist outside of a programme which is pursued with the full understanding and enthusiasm of the masses. A progressive government that is dedicated to uplifting the people economically, socially and politically is characterized by the substance of its programme. There must be an economic programme. And there must be a doctrine concerning the division of wealth and the associated social relations. Indeed, there must be an idea of man and of the future of humanity. No demagogic formula, no wishful thinking, and no repertory of decrees can take the place of a programme.

A social programme concerning the division of national wealth is particularly important because although the masses are usually willing to sacrifice everything for the nation, they have to be encouraged, especially in the sphere of the distribution of material welfare. A fair system of distribution according to work done, coupled with an enormous increase in the funds for the social forms of personal consumption such as state welfare services will stimulate an upsurge in the people's labour enthusiam and creative powers.

The experience of the socialist countries explodes the myth that such a social policy is not feasible especially during times of severe economic down-turn and austerity. On the contrary, it shows that a progressive social policy is possible provided that the living standards of all segments of the population, and the real wages of the working people, do not as a rule increase for any considerable time faster than the increase in production and productivity of labour; and that progressive legislation is employed to ensure the maximum removal of non-productive incomes from conspicuous consumption towards more productive areas, as well as to social welfare for the masses.

Since the standard of living is a result of the volume of production of both the raw and final products generated by the people, its growth rate, and the level and growth rate of labour productivity, it must not run ahead of the expansion of creative production, but must follow the latter, keeping a certain distance behind it as far as all segments of the society are concerned. Only the observance of this condition can ensure harmony between the economic and social aspects of development, which turns social progress into a motive force for economic growth. It also helps to eliminate poor health, ignorance and, in general, the hostility of the environment which adversely affect the ability of the masses to contribute maximally to production. Similarly, it undermines the socio-economic insecurity of the individual that gives rise to, and exacerbates, aggressive anti-social economic competition and ethnic chauvinism which cause instability of the social order.

In fact, the bulk of the wealth of the rich in Nigeria is utilized for non-productive consumption enabling them to live in luxury at the level of ultra-modern standards. It is this pattern of life rather than state welfare programmes such as free education that reduces the funds available for economic development. It also creates a home market that is extremely unfavourable for economic growth. As a result of this constricted market and the protected foreign market, a considerable part of the local money resource finds no productive application and is, therefore, employed for land and other speculation, or is removed from circulation and hoarded within and outside the country. This is one of the deepest and most persistent causes of our economic malaise.

Thus, improving the condition of the working people through progressive welfare policies, and reducing the income of the rich may be frowned upon by the IMF, but they are not an obstacle to economic growth. On the contrary, they are among the indispensable prerequisites for stable economic progress in our country. Strengthened by a network of cooperatives capable of defending the interests of the ordinary primary producers and consumers from market anarchy and rapacious exploitation by traders, money lenders, and the foreign monopolies they are capable of making the lives of the masses livable.

In the political sphere the incentive the masses need most in order to realize their potential for progress is relief from the monstrous oppression arising from bureaucratic arrogance of both the public and private institutions. And to achieve this, the masses must constitute themselves into viable organizations that unite in politics, in one political movement. They must seize the initiative in politics, take the government off the hands of the rich, and prevent the officials and the army from rising to defend the rich. The people must take control of politics.

The involvement of the masses in the decision process of economic enterprises should take place through the instrumentality of a political movement of the poor which is motivated and directed by their interests, dominated and guided by their organizations, devoted to the implementation of progressive policies, and protected by an army that would have been transformed from an inherited colonial institution to a veritable people's defence force committed to progressive change. Thus, the masses must participate actively in the national tasks of our generation, serving at least to hold the fort against any attempt by the leaders to shrink back from achieving the patriotic goals.

Any regime that claims to be patriotic and progressive, or proclaims a genuine desire to help the nation out of its present socio-economic and political morass must cultivate and strengthen a viable permanent alliance with the masses and their economic and political organizations. It must devote a significant proportion of national resources to forming, where they do not exist, viable associations of the masses in the social, economic, political, and military fields. It must organize such popular forces as cooperative societies of the poor and middle farmers, associations of artisans and motor mechanics, cooperative unions of petty traders, trade unions of blue collar workers and other workers on Gl 01 – 05, national association of students, associations of revolutionary intellectuals, and cooperative societies of the unemployed. On the basis of these organizations, political committees, economic committees, and defense committees should be elected to learn from and teach the leaders as well as the people how to protect and promote patriotic and mass interests. Also, they will act as the instrument for the political education of the people, and their mobilization for the performance of the patriotic tasks of the nation. These committees will constitute the vanguard of the people's involvement in politics. As the consciousness of the people advance with each performance of these tasks a stage will be reached when a party of the people will become possible to coordinate the activities of these committees on a permanent institutional basis.

Of course, the reactionaries will cry «utopia». But what is their alternative, the reality? It is a life enriched with nothing. A ceaseless beat. Music. And cheers.

Problems are not explained. The People are demoralized.
The masses are not organized. The people are powerless.
The society has no guiding doctrine. The masses are confused.
The masses are not mobilized. The people are opportunistic.
The masses are disadvantaged. The people are alienated and hostile.
The leaders introduce changes. The masses suffer.
The leaders build palaces. The people wallow in squalor.
The masses are disoriented and exploited. The people refuse to work.
The masses are administered. The people cheer for the music.
And the beat goes on.

NOTES TO CONTRIBUTORS

All manuscripts should be in duplicate and in a form suitable for sending to the printer. Both copies must be typed in double spacing. Articles should be accompanied by a record of the authors name and affiliation, and by a summary of 500 words (for translation purposes) giving a clear indication of the nature and range of the results in the paper.

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