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

N'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	1,189.29
3. Forestry	280.37	275.89	270.65	264.49	250.22
4. Fishing	1,582.26	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	1,155.88
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) 1976	1977	1978	1979	1980[1]	1981[2]	1982	Value (N million) 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	112.0	210.9	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	6.4
7. Crude Petroleum (a)	950.7	1,002.4	604.0	818.7	712.1	40.7	302.0	6,321.3	7,072.0	5,401.6	9,050.5	13,705.5	10,453.2
8. Palm Kernels	272.0	106.0	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	10.00	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	-	-	-	-	-	-	-	6,630.2	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	14,698.7	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)		789 (169)		405 (07)
Machinery and Transport Equipment	2,445	2,994		3,650		5,407		3,853	
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		9,056		12,920		9,648	
Increases			1,905		3,024		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

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

₦' Million

1981			1980	
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	554
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.[illegible])	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)	21[illegible].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