

# THE GREEN PAPER ON THE STATE OF THE NIGERIAN ECONOMY\*

## INTRODUCTION

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

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

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

### A. -- THE FINDINGS OF THE ODAMA COMMITTEE

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

#### 1. GENERAL FAILURE OF THE 1970-1983 NIGERIAN DEVELOPMENT STRATEGY

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

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

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

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

## 2. MANUFACTURING

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

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

## 3. AGRICULTURE

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

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

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

#### 4. *PETROLEUM*

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

#### 5. *INFLATION OF CONTRACTS*

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

#### 6. *STATE GOVERNMENT FINANCES:*

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

#### 7. *TAX-EVASION:*

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

## 8. SMUGGLING:

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

## 9. MONETARY TRANSACTIONS:

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

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

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

## 10. AUDITING AND PUBLIC ACCOUNTABILITY:

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

## 11. VITAL ECONOMIC STATISTICS:

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

## 12. FOREIGN TRAVEL:

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

## 13. FOREIGN EDUCATION:

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

## 14. ECONOMIC PLANNING CAPACITY:

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

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

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

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

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

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

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

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

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

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

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

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

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

PUBLIC SECTOR EXTERNAL DEBT  
(1975-1983)

Year	Federal	States
1975	₦349 mll.	n.a.
1979	₦1,444 bl.	₦168 mll.
1980	₦1,692 bl.	₦174 mll.
1981	₦2,085 bl.	₦246 mll.
1982	₦3,728 bl.	₦3,539 bl.
1983	₦5,780 bl.	₦4,420 bl.

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

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

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

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

### REVENUE, EXPENDITURE AND THE EXTERNAL SECTOR.

#### 1. REVENUE AND EXPENDITURES

##### RECOMMENDATION 1

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

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

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

##### RECOMMENDATION 2

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

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

WORKSHOP: This integration of our export with our import trade is essential even for economic recovery. But it can only be achieved by the following measures: (a) removing all local and foreign middlemen from all export and import trade, including oil; (b) complete Federal Government monopoly of the foreign trade including merchant and commercial banking; (c) comprehensive planning of foreign trade over at least a three year period; (d) the change of the Constitution to make any citizen who has amassed wealth abroad to be charged with treason, or if he runs away lose his or her citizenship. Nigeria cannot afford harbouring

citizens whose preoccupation is destroying by amassing wealth abroad at her expense. All those with any assets over ₦50,000 abroad should be given six months to return them and re-invest in this country. A register of Nigerian private assets abroad will be maintained for this purpose.

### **RECOMMENDATION 3**

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

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

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

### **RECOMMENDATION 4**

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

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

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

### **RECOMMENDATION 5**

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

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

**WORKSHOP:** The Workshop rejects this indirect attempt to blame the workers of this country for the economic crisis we are in. Everyone knows that it is the massive legal, semi-legal and illegal profiteering by



our leaders and big businesses that is really the root of the problem. The recent increases in the payment of wages, salaries and allowances are in no way the cause of the economic crisis. The Workshop would like to refer to the statement of President Shehu Shagari to the National Assembly 16th of March, 1980 to the effect that costs of contracts in 1980 were being inflated by 120 percent higher than similar contracts in Algeria (a major oil producer), and that these are actually 300 percent higher than the costs in Kenya. The Odama report points out that this contract inflation over East and North Africa has since risen by as high as 300 percent. This should be linked to the recent statement of the Managing Director of the International Bank for West Africa, that of the over ₦1.5 billion taken out of Nigeria in 1981 ostensibly to pay for imports, the real value of what was actually imported was about ₦2.97 billion. Are wages, salaries and allowances responsible for these?

#### *RECOMMENDATION 6*

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

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

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

#### *RECOMMENDATION 7*

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

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

**WORKSHOP:** The Workshop endorses the Federal Government position.

**RECOMMENDATION 8**

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

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

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

**RECOMMENDATION 9.**

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

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

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

**RECOMMENDATION 10**

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

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

WORKSHOP: See Recommendation 9 above and 12 below.

**RECOMMENDATION 11**

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

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

WORKSHOP: Workshop agrees with the recommendation.

### RECOMMENDATION 12

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

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

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

## EXTERNAL SECTOR

### RECOMMENDATION 13

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

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

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

### RECOMMENDATION 14

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

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

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

### RECOMMENDATION 15

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

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

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

### RECOMMENDATION 16

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

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

WORKSHOP: The Workshop agrees with this recommendation.

*RECOMMENDATION 17*

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

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

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

*RECOMMENDATION 18*

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

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

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

*RECOMMENDATION 19*

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

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

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

*RECOMMENDATION 20*

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

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

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

**RECOMMENDATION 21**

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

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

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

**RECOMMENDATION 22.**

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

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

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

**RECOMMENDATION 23**

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

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

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

**RECOMMENDATION 24**

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

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

**WORKSHOP:** The Workshop endorses this recommendation.

**SMUGGLING**

**RECOMMENDATION 25**

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

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

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

**RECOMMENDATION 26**

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

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

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

**RECOMMENDATION 27**

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

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

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

**RECOMMENDATION 28**

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

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

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

**RECOMMENDATION 29**

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

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

WORKSHOP: Agrees subject to 25 above.

**RECOMMENDATION 30**

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

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

WORKSHOP: Accepts subject to 25 above.

**AGRICULTURE**

**RECOMMENDATION 31**

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



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

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

### *RECOMMENDATION 32*

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

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

**WORKSHOP:** The Workshop finds this recommendation, and its acceptance by the Federal Government, as an unfortunate evasion of the real nature of the existing farmers cooperatives in Nigeria. For these

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

### RECOMMENDATION 33

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

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

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

### RECOMMENDATION 34

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

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

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

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

#### **RECOMMENDATION 35**

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

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

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

#### **RECOMMENDATION 36**

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

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

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

**RECOMMENDATION 37**

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

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

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

**RECOMMENDATION 38**

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

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

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

**RECOMMENDATION 39**

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

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

**WORKSHOP:** The Workshop finds that this recommendation evades the real conditions of agricultural lending existing in Nigeria today; one of whose major features is that millions of naira has been given out as agricultural loan but no repayment is being made and no attempt at recovery is being done. All banks should be given three months to put all their loans on a regular basis, strictly abiding by the laws and official conditions regarding repayment, security and forfeiture. It is only after this is done,

and is seen to be done, that a genuinely productive system of agricultural credit along the lines of No. 38 above can be set up. Otherwise, it would amount to throwing good money after bad money, or the victimisation of a few individuals, largely middle and small farmers, who are not well-connected.

#### **RECOMMENDATION 40**

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

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

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

#### **RECOMMENDATION 41**

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

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

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

#### **RECOMMENDATION 42**

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

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

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

**RECOMMENDATION 43**

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

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

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

**RECOMMENDATION 44**

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

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

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

**RECOMMENDATION 45**

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

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

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

## WHOLESALE AND RETAIL TRADE

### *RECOMMENDATION 46*

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

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

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

### *RECOMMENDATION 47*

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

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



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

## EMPLOYMENT AND LABOUR

### RECOMMENDATION 48

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

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

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

### RECOMMENDATION 49

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

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

**WORKSHOP:** The Workshop finds this recommendation vague. This is because it is convinced that what is necessary for our economic recovery from this crisis and economic progress, is to encourage the integration of the domestic economy. This requires coordinated national labour policies like the legalisation and enforcement of the national minimum wage, and of other common national conditions of service for workers. In order

to further enhance the coordination of the national economy the National Economic Council should be widened to include representatives of the Nigerian Labour Congress.

**RECOMMENDATION 50**

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

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

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

**RECOMMENDATION 51**

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

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

WORKSHOP: See No. 53 below.

**RECOMMENDATION 52**

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

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

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

**RECOMMENDATION 53**

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

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

WORKSHOP: The Workshop finds the recommendation and its blind acceptance by the Federal government as superficial, indicating a lack of seriousness. The obstacles to the mobility of labour and capital within Nigeria are a major hinderance to economic productivity for the whole country and constitutes a major threat to its capacity to stand

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

#### **RECOMMENDATION 54**

**N.E.C.:** «Hours of work in the public service should be changed to 8.00 a.m. – 12.30 p.m. with one hour break and 1.30 p.m. to 5.00 p.m.».

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

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

#### **RECOMMENDATION 55**

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

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

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

## MONETARY AND FISCAL POLICY

### RECOMMENDATION 56

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

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

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

### RECOMMENDATION 57

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

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

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

**Federal Government Internal Debt  
(1970-1982)**

(N million)

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

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

### COMMERCIAL AND INVESTMENT BANKS

#### RECOMMENDATION 58

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

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

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

**RECOMMENDATION 59**

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

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

**WORKSHOP:** See Recommendation 58 above.

**RECOMMENDATION 60**

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

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

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

**RECOMMENDATION 61**

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

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

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

**RECOMMENDATION 62**

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

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

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

**RECOMMENDATION 63**

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

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

WORKSHOP: The Workshop endorses the recommendation.

#### **RECOMMENDATION 64**

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

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

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

#### **RECOMMENDATION 65**

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

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

WORKSHOP: The Workshop is of the opinion that *all* Insurance Companies should be nationalised and re-insure with the Federal Government's Re-Insurance concern, which will in turn decide what percentage, if any, to reinsure abroad. The ownership of these companies should by law be restricted to the Federal, State and Local governments, trade unions and cooperatives.

#### **RECOMMENDATION 66**

N.E.C.: «The appropriate rates of interest for long-term deposits in accordance with the Central Bank interest rate guidelines should apply to the deposits which insurance companies are required to make with the Central Bank prior to the commencement of business».

F.G.N.: «Government notes this recommendation and will study it further in consultation with the Central Bank of Nigeria».

WORKSHOP: The Workshop agrees with the Federal Government position on this.

### **FISCAL MEASURES**

#### **RECOMMENDATION 67**

N.E.C.: «Government draft budget estimates should show estimates for the coming year, approved estimates for the current year and actual revenue and expenditure figures for preceding year».

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

**WORKSHOP:** The relevant question to ask is why this is not the case now. Refusal to publish accurate and audited public accounts is one of the most flagrant example of the violation of the requirements of public accountability, and indeed confirms the view that the economic crisis is not caused by inflated contracts and fraudulent import bills alone, but by direct plunder of public treasuries.

**RECOMMENDATION 68**

**N.E.C.:** «The existing Public Administration/Public Finance Law which provides that Government should publish its audited accounts not later than nine months after the end of the fiscal year should be strictly adhered to and enforced by all Governments».

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

**WORKSHOP:** The Workshop agrees with the recommendation.

**RECOMMENDATION 69**

**N.E.C.** «State governments should endeavour to ensure that under no circumstances should there be a deficit in their recurrent accounts».

**F.G.N.:** «Government accepts this recommendation and commends it to the States».

**WORKSHOP** That a «Committee of Experts» as well as the Federal Government could exhibit such ignorance on an issue as basic as what constitutes a budget is really shocking. Budgets are mere estimates: estimates of how much one expects to earn through various sources of revenues, how much salaries and allowances to be paid, what the various goods and services provided by the government would cost etc. For anyone to say that under no circumstances should a deficit be allowed in current (or even capital) accounts is simplistic evasion. Surely the relevant issue is whether or not the people get real value for every kobo and this is publically, and plausibly accounted for in accordance with the requirements of the law and the basic tenets of public morality and accountability. Budget deficits are neither here nor there.

**RECOMMENDATION 70**

**N.E.C.:** «Governments should take punitive measures against all those involved in cases of fraud relation to evasion or under-payment of import and excise duties».

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

**WORKSHOP:** This recommendation is accepted by the Workshop, though we strongly believe that a lasting solution could only start to emerge with the measures over foreign trade as proposed in No. 2 above. The Workshop notes further that the Governments' moral and political authority to punish anybody for fraud has been publically eroded by the appointment of people found guilty of corruption, embezzlement and outright looting of public property, into prominent and sensitive leadership positions,



without any explanation or proof that they were innocent or have reformed. We believe this is where the so-called ethical-reorientation starts or ends.

#### **RECOMMENDATION 71**

**N.E.C.:** «More efforts should be made at tax collection by Federal, State and Local governments».

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

**WORKSHOP:** There is no doubt that government should make every effort to collect all monies due to it. It therefore supports the recommendation with the proviso that *all* citizens including the rich and powerful be made to comply with the requirement of the law. When the rich are not taxed, and when government revenues are daily being diverted for private use and hoarding, there can be no justification intensifying tax collection against those who benefit *little or nothing* from the nation.

#### **RECOMMENDATION 72**

**N.E.C.:** «All taxes due from contractors and consultants handling Government projects should be deducted at the point of making payments to them».

**F.G.N.:** «Government accepts this recommendation». Efforts are presently being made to amend the tax laws and a bill to this effect is now before the National Assembly».

**WORKSHOP:** The Workshop, in accordance with its stand on Recommendation 12 above, is convinced that the real solution lies in the systematic elimination of the contract system and all the parasitism and corruption it engenders.

#### **RECOMMENDATION 73**

**N.E.C.:** «Both Federal, State and Local governments should embark on a programme of direct enforcement of all existing tax laws and ensure that all violators of the laws are, without discrimination, prosecuted and penalized as provided in the laws».

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

**WORKSHOP:** See Recommendation 71 above.

### **REVENUE**

#### **RECOMMENDATION 74**

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

**F.G.N.:** «Government notes this recommendation and directs the NNPC to examine its desirability and feasibility».

**WORKSHOP:** The Workshop believes that, as a part of a comprehensive foreign trade policy of closely integrating imports with exports, in order to stabilise both for long periods, as proposed in No. 2 above, this is a good recommendation, and it strongly endorses it. There are countries in Africa, the Caribbean, Central and South American sectors of whose economies can be closely linked to that of Nigeria through Nigerian investment in their refineries to make them take Nigerian crude oil for processing and use, and to pay for it with specified quantities of capital or consumer goods, or even food and raw materials. The level of Nigerian imports would correspond to the level of the country's consumption of crude oil through these jointly-owned refineries. The Workshop is convinced that the findings of the Odama Committee regarding world trends in the petroleum trade quoted on P. 6 above, makes such long-term trade agreements, backed by investments essential. But this requires the elimination of all middlemen from the petroleum industry as proposed in No. 1 above; for the fundamental interest of these middlemen and their foreign and Nigerian patrons and clients is not to obtain fair and stable returns for Nigeria for its crude oil, but to obtain the so-called «hard-currency» which enables them to hoard and invest and live luxuriously in Western Europe and North America. The Workshop notes that the rise in the number and power of these oil middlemen in the last four years, is a major cause of the great instability of the returns from our oil exports compared to all other OPEC members. Of course, this type of long-term trade agreement backed-up by joint investment in refineries abroad, does not in any way reduce the urgency with which Nigerian refinery facilities have to be expanded to process *all* domestic consumption of petroleum products; and also serve the new petrochemical industrial complexes whose building is an absolutely essential foundation for our industrial and agricultural take-off. The Workshop believes that all these can be started and completed within the next five years 1984–1989.

#### **RECOMMENDATION 74**

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

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

**WORKSHOP:** See Recommendation 1–2 and 74 above.

#### **RECOMMENDATION 76**

**N.E.C.:** «We set up an oil Market Intelligence body comprising experts to monitor and forecast the trend in the oil market. This should provide an early warning system, and review and advise the Government on the relevant parameters in the oil market».

F.G.N.: «Government accepts this recommendation and directs the NNPC to intensify its efforts in this direction».

**WORKSHOP:** The Workshop is convinced that no amount of oil market intelligence, no matter how expert can improve and stabilise the value of our returns from crude oil exports unless NNPC stops exporting oil, completely, through any oil middlemen and do it through long-term agreements integrating imports with exports directly with the buyer. (See No. 74 above, for one form of this agreement).

#### RECOMMENDATION 77

N.E.C.: «We give more attractive incentives to oil producing companies to enable them offset increasing cost of offshore oil exploration and production».

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

**WORKSHOP:** The Workshop does not believe that any further such incentives to encourage oil producing companies to go into offshore exploration and production is necessary. The Report of the *Irikefe Tribunal of Inquiry into Crude Oil Sales of 1981* brings out how oil producing companies concession holders, producers or NNPC contractors have favourable terms for their operations in Nigeria. Indeed the Workshop believes that in many areas these terms are much more favourable than in most OPEC countries. The Workshop is of the view that besides stabilising the volume and value of Nigerian crude oil exports through long-term trade agreements as proposed in No. 1, 74, 76 above, the more important and reliable way of expanding offshore oil exploration and production is for NNPC itself to stop using oil contractors but to develop the capacity itself to carry out most of the oil exploration and production offshore and onshore. The Workshop is surprised by the way the Odama Committee ignores the very important finding of the Irikefe Tribunal of Inquiry of 1981 which reveals in detail how, almost systematically, all the federal regimes since 1973, have prevented the Nigerian National Oil Corporation and later the Nigerian National Petroleum Corporation to develop the capacity to control the industry or play a decisive role in it, protecting and promoting Nigeria's interests. The Workshop would like to know whether the Federal government had acted to implement the recommendation of the Irikefe Tribunal. Moreover, the Workshop wants to draw attention to the way the sole centre for the training of Nigerian oil engineers, scientists and technicians, the Warri Petroleum Institute has become wrecked and moribund. The Workshop believes that this collapse of the Warri Institute is part of the systematic policy of preventing the NNCC/NNPC from taking-off in the last decade. The Workshop is of the view that unless such policies are reversed, and a Nigerian oil cadre is trained and employed to run the oil industry through NNPC we shall continue to run after foreign oil companies with superfluous incentives.

**RECOMMENDATION 78**

N.E.C.: «The LNG and Petro-chemical projects should be pursued and executed with all vigour, the present recession notwithstanding. We believe that with the downstream industries that would be generated they will go a long way to stem any future re-occurrence of recession».

F.G.N.: «Government accepts this recommendation and observes that a lot of work had already been done in this direction».

**WORKSHOP:** The Workshop strongly endorses this recommendation but does not believe the Federal government's claim that a lot of work has already been done in the preparation work of building these essential liquefied natural gas and petro-chemical projects. The evidence available to the Workshop is that since the programme for building these projects was conceived as long ago as the Second National Development Plan of 1970–74, it has been completely dependent on the changing interests of British and American oil and gas corporations and their governments. Even the priority given to it by the successive federal regimes has gone up and down in the last 13 years, in accordance with decisions taken in Whitehall, at the White House and Pentagon and the boardrooms of a few oil companies. Since the last phase of their renewed interest came to an end in 1981, all that the present Federal government has done is to commission for, and pay for, very expensive feasibility studies with nothing concrete worked out to break out of the Anglo-American paralyses of the two projects. The Workshop is therefore shocked by this attempt of the Federal government to mislead the Nigerian public over this matter of such crucial importance to the future of our country, on which so much of our future economic development depends. The prolonged delay in executing these projects has cost the Nigerian economy tens of billions of naira in flared natural gas from the oil wells alone. A recent authoritative estimate is that Nigerian crude oil producers burn natural gas valued at about *₦8.0 million per day* and about *₦2.8 billion per annum!* This massive hemorrhage of one of our major, wasting resource, natural gas, can only be stopped by projects like these two and with a comprehensive energy policy which actively promotes the use of gas instead of firewood in order to conserve the forests and the crude oil and coal. A proposal on this as it affected afforestation was accepted at a meeting of the National Council of Agriculture in 1981 but has not been implemented. The Workshop therefore urges the Federal Government to stop being evasive on this crucial area, break off of the Anglo-American grip over these projects and implement them with all the vigour and priority recommended by the Odama Committee and the National Economic Council.

**GENERAL**

**RECOMMENDATION 79**

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

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

**WORKSHOP:** In addition to No.3 above, the Workshop recommends that the new tax structure should not do anything to reduce the proportion of the national income going to the actual producers of the country's wealth, allowing the importers, contractors, rentiers, middlemen and others who do not contribute to production to continue paying virtually nothing as they now do. Rapid industrial development can only be promoted by breaking down the grip of such parasites and expanding the internal market.

## EXTERNAL SECTOR

### *RECOMMENDATION 80*

N.E.C.: «The basis for the allocation of foreign exchange in import licensing should be reviewed. In particular, industries utilizing local raw materials should be given preference in foreign exchange allocation. Furthermore foreign exchange allocation should be done well in advance to enable industries plan ahead».

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

**WORKSHOP:** The Workshop believes that even if such changes in foreign exchange and import licensing policies are implemented they will remain essentially cosmetic, and for a short period. The Workshop is convinced that only the complete reorganization of the whole structure of our foreign trade as proposed in No. 2 above can tackle the roots of the crisis in this area. The Workshop draws the attention of the public to the report of the Managing Director of IBWA referred to in No. 5 above and to the fact that according to the returns on the 1981 import licence exercise submitted by the Minister of Commerce to the Senate — import licenses for goods worth ₦146.180m. was allocated to 11 individuals and private companies while major wholesale and retail companies who also applied were only allocated licenses worth only 27 million Naira. This amount indicating the deliberate creation of a body of import-license middlemen and the use of the license merely to take out foreign exchange. The political power of such import-licensing middlemen can only be broken once and for all by the reorganization of foreign trade we are proposing.

### *RECOMMENDATION 81*

N.E.C.: «In places of ad-hoc application for import license, all companies and other importers should indicate annually the goods which they have to import in a twelve-month period, and they should justify such import requirements. Permit should be granted and foreign exchange allocated on the basis of national needs and priorities».

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

**WORKSHOP:** See Nos. 2 and 80 above.

**RECOMMENDATION 82**

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

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

WORKSHOP: The Workshop endorses this recommendation but believes that they can only be implemented if Nos. 2 and 44 above are implemented.

**RECOMMENDATION 83**

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

F.G.N.: «Government notes this recommendation for further study.»

WORKSHOP: See No. 2 and 44 above. In addition the Workshop recommends that there is a great deal of wastage, and even danger, in the way Nigeria is open to the imports of an infinite variety of chemicals, drugs, scientific and medical equipment and books for example. The Federal government should use its comprehensive control of all foreign trade to restrict imports to a few standardised models suitable and related to the growth of domestic industry for the commodity.

**RECOMMENDATION 84**

N.E.C.: «Our trade policy should be more discriminating. Import license should be used as a trade policy instrument to discriminate against trade areas and goods constituting a problem to the economy. We believe that our tenacious and strict adherence to the rules of international bodies to which we belong is often, to say the least, a mis-interpretation of our importance in such organizations».

F.G.N.: «Government notes this recommendation for further study.»

WORKSHOP: See Nos. 44 and 74 above.

**RECOMMENDATION 85**

**N.E.C.:** «We recommend a body to continuously monitor and forecast the trend and policies of outside economies whose behaviour seriously affect our economy. Information derived from such continuous monitoring could be used to the greatest advantage».

**F.G.N.:** «Government accepts this recommendation and directs the ministries of National Planning, External Affairs, Industries and Commerce to work-out the details and modalities».

**WORKSHOP:** «The Workshop is surprised that such a body does not exist. It should be established immediately to report on a regular basis directly to the President. But the Workshop would like to point out that it can easily be hijacked by various foreign and domestic vested interests who would want to prevent an effective foreign trade policy by Nigeria. This can be avoided if the body set up for this, is supported and closely linked to primary research activity into our foreign trade and all relevant international economic trends in the universities and research institutions. The Workshop is of the view that the Nigerian Institute of International Affairs should instead of remaining a centre for conferences and public relations, become involved: as its primary responsibility, in primary research and its dissemination, in areas such as this. The other two major research institutions, the Nigerian Institute of Social and Economic Research and National Institute of Policy and Strategic Studies should together with the universities complement this and sustain such a body.

**RECOMMENDATION 86**

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

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

**WORKSHOP:** The Workshop believes that this recommendation is inconsistent with the major findings of the Odama Committee which we quote on pp.116-120 above; and in fact flagrantly contradicts many of them, particularly the failure of the private sector in Nigeria to, over the last decade, 1973-83, develop manufacturing industries beyond the assembly plant and bottling level, completely tied to imports. This failure is a very serious one because in very few countries of the world have private sector investors in manufacturing and services like transport, and commerce, had such favourable conditions as those set out by the Odama Committee on pp.116-118 above, and in addition such a large domestic market and a large pool of labour, yet fail as those in Nigeria have done. The Workshop is convinced that in fact, a major reason for the failure of our economic development strategy from 1973-1983, so clearly brought out by the Odama Committee is that what is in fact called «the public sector» is only for the public in name. In fact by virtue of those who control and

operate it directly, and from government position, it is a vehicle for serving the process of private accumulation, legally, semi-legally, and illegally of the major private owners of the private sectors. The Workshop believes that the Odama Committee cannot be ignorant of the fact that almost all those who were in charge of the public sector and its planning and operation in this country, in the period 1973–1983, (when in spite of massive public expenditure the development strategy failed), are now millionaires in naira, dollars, pounds and German marks, and are the powerful figures of the private sector. The Workshop therefore rejects this recommendation and believes that only a genuine public sector, which collective public economic forces, control and prevail, as proposed in No. 31 and 44 above can lead the way out of this crisis and to economic progress in this country.

#### **RECOMMENDATION 87**

**N.E.C.:** «To provide favourable atmosphere for industrial growth, industrial policies should be consistent and as much as possible should not be subject to constant and erratic changes. There may be need to review our budgetary procedure in this respect».

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

**WORKSHOP:** The Workshop endorses this recommendation but believes that these erratic changes and inconsistencies cannot be stopped unless their root causes as shown in No. 86 above are tackled. The Workshop finds it hypocritical for many influential Nigerians to pretend not to know that public sector investment does not yield the profit it should not because it is public and therefore «no one's property», but precisely because those same influential Nigerians controlling the «public sector» use their positions to divert these profits into their businesses and foreign bank accounts. The Workshop is aware that most of the country's private sector commerce and construction in electrical equipment is owned directly and indirectly by top public officer board members and top management of the Nigerian Electric Power Authority and other powerful members of federal and state governments. These gain a lot of money whenever NEPA breaks down. The Workshop believes it is hypocritical and unpatriotic to simply cite NEPA as an example of the failure of public sector investment without showing that in fact it is only part of the public sector, like all other parastatal, by name.

#### **RECOMMENDATION 88**

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



F.G.N.: «Government accepts this recommendation provided such industries file their papers with the Federal Ministry of Industries not necessarily for approval of projects but for record purposes before commencement of operations».

WORKSHOP: The Workshop does not accept that all these bottlenecks can be removed by administrative reorganization. It is necessary to start sharply separating the holding of public office from the private accumulation of wealth by bringing to an end the control of public offices by forces and interests whose whole purpose of existence is to accumulate private property. Refer to our proposals in No. 2, No. 44, No. 86 and 87 above.

#### **RECOMMENDATION 89**

N.E.C.: «The use of Approved User's Scheme should be completely reviewed. Besides, it is a source of fraud by unscrupulous manufacturers who use it to siphon out large sums of money from the Nigerian economy. Its operation has also encouraged manufacturers in their near nonchalant attitude to search for local raw materials. Its use should be more oriented to local-value-added and this function should be easily absorbed in a restructured import licensing institution».

F.G.N.: «Government accepts this recommendation but observes that action on it is already in progress».

WORKSHOP: See No. 2 above.

#### **RECOMMENDATION 90**

N.E.C.: «Access to foreign exchanges should be properly streamlined and should only be in accordance with set priorities over a period of time to allow both public and private sectors proper planning. But related information should be exchanged clearly within the system to allow optimum use of available foreign exchange».

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

WORKSHOP: See No. 2 above.

#### **RECOMMENDATION 91**

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

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

**WORKSHOP:** The Workshop endorses the recommendation but believes that unless its other recommendations in Nos. 2, 12, 44 and 74 are implemented it cannot be attained.

#### *RECOMMENDATION 92*

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

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

**WORKSHOP:** The Workshop is shocked at this recommendation which is in flagrant contradiction with the findings of the Odama Committee with regards to the failure of private sector investment, Nigerian and foreign, to promote genuine economic development. In addition the Irikefe Report of 1981 has documented how much such Nigerians are draining away our returns from crude oil sales through their essentially middlemen role. The Workshop is convinced that the entrenching of some forty-four oil export middlemen and about 120 domestic petroleum products middlemen has been one of the causes of the shortages in petroleum products and the instability of the returns we get from crude oil export. The Workshop strongly urges its recommendation on the new role for the NNPC in No. 74 above.

### **AGRICULTURE**

#### *RECOMMENDATION 93*

N.E.C.: «All agents connected with the production and distribution in the agricultural sector should be mobilized, streamlined and properly co-ordinated in order to achieve optimum results. There is not enough mobilization at the grassroots level by all tiers of government».

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

**WORKSHOP:** See Nos. 32 and 34 above.

*RECOMMENDATION 94*

N.E.C.: «Emphasis should be placed on small-scale dams and irrigation schemes in the rural agricultural areas, with complement of infra-structural support such as rural water bore-holes and electricity supply».

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

WORKSHOP: See No. 33 above.

*RECOMMENDATION 95*

N.E.C.: «The role of the Commodity Boards in the present day agriculture requires an indepth review. This review should be seen differently from the issues of ownership of the Boards which we believe are irrelevant to our present circumstances».

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

WORKSHOP: See No. 31 and 36.

**EMPLOYMENT**

*RECOMMENDATION 96*

N.E.C.: «Contracts of certain magnitude should include an agreement on the employment of a number of relevant Nigerian professionals, and payment should be conditional on the fulfilment of the terms of the agreement».

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

WORKSHOP: See No. 12 above.

*RECOMMENDATION 97*

N.E.C.: «Certain types and value of contract and consultancy projects should be reserved for Nigerians».

F.G.N.: «Government accepts this recommendation and observes that similar recommendations were made in the White Paper on the Report of the Panel on the Excessively High Cost of Government Contracts».

WORKSHOP: See No. 12 above.

*RECOMMENDATION 98*

N.E.C.: «Governments should gear-up efforts to improve the conditions in the rural area by way of provision of pipe-borne drinking water, electricity and medical facilities».

F.G.N.: «Government accepts this recommendation but observes that both the Federal and State governments should play complementary parts in this exercise in order to ensure success».

**WORKSHOP:** The Workshop find that both the recommendation and the Federal government's blind acceptance of it trivialises a very important issue. The Workshop is convinced that the fact that in spite of the massive public expenditure in water supply, electricity and health in the rural areas, since 1973, over 80% of the rural population are not up to today provided with any of these. The few that have functioned for a few months after their commissioning by the Governor, President, Minister or Commissioner, and after the completion of the payment to the contractor, have almost all broken down or operate at a very low level. The Workshop is convinced that the reorganizations we are proposing in Nos. 12, 32, 44 above provide the minimum conditions for real rural development.

## INSTITUTIONS

### *RECOMMENDATION 99*

**N.E.C.:** «The whole governmental machinery be overhauled and re-structured with a view to making them efficient at reduced cost and responsive to the requirements of the Presidential system of government».

**F.G.N.:** «Government is unable to accept the recommendation as stated because government does not feel that there is need to «overhaul» or restructure «the whole governmental machinery» in order to make it «responsive to the requirements of the presidential system». At the moment, the Federal Government is within the nation's limitations, being run as efficiently as possible, and at reasonable cost. Government will, of course, continue to review the system at all times with a view to effecting any improvements considered necessary within the framework of the present Constitution».

**WORKSHOP:** The Workshop believes, that far more than restructuring and overhaul of the whole government machinery is required to tackle the task of saving our country from impending economic collapse.

It is necessary to, as a minimum bring about fundamental changes in the political system to shift political power from the hands of contractors, imports/exporters and other species of middlemen most of whose assets and investments are in Europe and North America. These can only facilitate further exploitation of our country as they have nothing substantial at stake here.

### *RECOMMENDATION 100*

**N.E.C.:** «The types of forms and licences for external transactions and the machinery for issuing and obtaining them should be re-examined with a view to restructuring and streamlining them».

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

**WORKSHOP:** See No. 2 above.

### RECOMMENDATION 101

N.E.C.: «Ways be explored for fostering close cooperation between the Federal and State Governments in the implementation of economic and social development policies and programmes and for mobilizing the resources of the three tiers of government jointly for the development of the economy and the welfare of the populace».

F.G.N.: «Government accepts this recommendation and observes that the exercise would be a joint responsibility of both the Federal and State Governments».

**WORKSHOP:** The Workshop endorses this recommendation but observes that these can only be done when national integration through balanced educational and economic development which benefits all the people, is forged and the platform for the ethnic champions, and regional and religious gatekeepers undermined purposefully, and openly. See No. 53 above.

## TECHNOLOGY

### RECOMMENDATION 102.

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

F.G.N.: «Government accepts this recommendation which is in line with the existing policy».

**WORKSHOP:** The Workshop is of the view that this recommendation is vague and is part of the usual mystifications about technology, which is offered to us by various western imperialist «aid» institutions, as «small-scale», «appropriate», or «intermediate», to perpetuate our dependence. The Workshop believes that once the human and natural resources of Nigeria are freed from the grip of middlemen, contractors and the semi-feudal and communal potentates and all those involved in actual production emerge and are integrated, we shall obtain, develop and effectively utilise all types of technology, small middle, level and even gigantic. The critical issue is the break through at the level of the organisation and control of the economy, and not the size of the machinery or equipment.

## DIVERSIFICATION OF THE ECONOMY

### RECOMMENDATION 103

N.E.C.: «As argued elsewhere in this report, our fluctuation fortunes in the last decade or so, is a pointer to the vulnerability of our near total dependence on oil. We therefore believe that diversification of our economy for revenue sources, foreign exchange, employment and even consumption should be accorded the highest priority. Our traditional

agricultural exports should be revamped with all seriousness, while other agricultural crops for food and raw materials and for local industries require no less urgent attention. We are blessed with good weather, fertile and generous farm land and above all, a virile population to carry out the urgently required transformation in the agricultural sector».

F.G.N.: «Government agrees with this observation».

WORKSHOP: The Workshop believes that this is mere wishful thinking until the economy is restructured to shift its control from those whose economic stake is hoarded and invested abroad, to the majority of Nigerians who have everything to gain and loose here and nowhere else.

#### *RECOMMENDATION 104*

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

F.G.N.: «Government agrees with this observation and is already taking a variety of steps to correct the situation».

WORKSHOP: See Nos. 2, 12, 44, 31, 86 and 103 above.

#### *RECOMMENDATION 105*

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

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

WORKSHOP: See Nos. 2, 12, 31, 44, 86 and 103 above.