

GOVERNMENT RESPONSE TO ECONOMIC CRISIS
Text of the Budget Speech 1984 by the
Head of State Major General Muhammadu BUHARI
as reported in the National Concord
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This administration decided, as part of a comprehensive package of policy measures, to revive the battered economy and to undertake a review of the 1984 budget presented to the defunct National Assembly. The purpose is to reflect the realities of the present financial predicament and the priorities of the military government. Our approach is to match expenditure with resources, reduce federal and state government recurrent and capital expenditure and cut waste. The major policy objectives of the revised 1984 budget are:

- (1) To arrest the decline in the economy.
- (2) To put the economy on a proper course of recovery and solvency and
- (3) To chart a future course for economic stability and prosperity.

The following measures are therefore to be taken as a first step towards realizing these objectives:

- (1) Reduction in government expenditure.
- (2) Reduction in imports.
- (3) Revival of agriculture.
- (4) Resuscitation and streamlining of industries.
- (5) Stabilization of prices and incomes.
- (6) Intensification of revenue drive in order to broaden the revenue base of government.
- (7) Restoration of confidence in the Naira.

I now present to the nation the revised budget for the rest of the 1984 fiscal year. To put the budget in a proper perspective, I will review the economic issues first.

WORLD ECONOMIC SITUATION

The basic weakness of the Nigerian economy at present is that growth emanates from the external sector. Nigeria's total trade (imports plus exports) as a proportion of our total income rose from 28 % in 1970 to about 41 % in 1981. The value of imports as a proportion of our total income also rose from 12 % to 27 % between 1970 and 1981. This trend is undesirable and must be revised. Our ability to import depends on our ability to sell our products to the industrialized countries. Since we are a one product economy dependent on oil, our economy is affected by the prospects and policies of our major trading partners.

The industrialized countries have begun to show welcome signs of recovery from a long economic recession. But the tendency of these countries to import more crude oil from non-OPEC sources resulted in a drop in the volume of OPEC oil production from 31 million to 17.5 million barrels per day between 1977 and 1983. Thus, we are still as vulnerable as ever to the uncertainties in the oil market. The prospect for crude oil demand and

the OPEC world market share are expected to remain more or less at the same level in 1984 as in 1983.

PERFORMANCE OF THE ECONOMY IN 1983

Between 1982 and 1983, the country's total income fell from N 28.5 to N 27.3 billion; a drop of 4.4 %. The poor performance of the economy in 1983, as in the two previous years, was due partly to continued depression in the oil market but largely to the gross mismanagement of the economy. The contribution of the petroleum sector to our total income declined from N 4.4 billion in 1982 to N 4.1 billion in 1983, a fall of about 7 %. The level of oil production fell from 1.289 million barrels per day in 1982 to 1.235 million barrels per day in 1983. The export of crude oil dropped from 1.009 to 0.935 million barrels per day during the same period. The selling price of our crude oil was reduced from S 35.5 to S 30.00 per barrel in February 1983 in an attempt to stimulate the market.

Fellow Nigerians, as most of us know, oil exports account for over 90 % of our total foreign exchange earnings. The effect of a depressed world oil market on our economy is therefore a substantial reduction in our earnings. Consequently, the contribution of the manufacturing sector, dependent as it is on imported raw materials, declined from ₦ 2.359 billion in 1982 to ₦ 2,300 billion in 1983, a fall of 2.5 %.

In addition to the poor performance of the mining and manufacturing sectors, drought and pests affected the performance of the agricultural sector resulting in increased imports of food and raw materials such as rice, maize, vegetable oil, palm oil, cotton, etc...

Other major sectors of the economy such as construction, transportation and communications also declined by 8.4, 7.7 and 4.9 % respectively.

On the external sector, fiscal policy and administrative measures were applied to reduce imports. The value of imports dropped from ₦ 12.6 billion in 1982 to ₦ 9.7 billion in 1983. Exports fell from ₦ 8.7 billion to ₦ 7.6 billion during the same period. After taking into consideration the services account, the balance of payments on current account showed a deficit of ₦ 3.4 billion in 1983 compared with a deficit of ₦ 5.2 billion in 1982.

As a result of the reduction of oil price in February 1983, federally collected revenue had to be revised downwards from the original estimate of ₦ 9.3 billion to ₦ 8.6 billion, a short fall of 9.2 %. When the revised figure of ₦ 8.6 billion in 1983 is compared with the actual revenue of ₦ 10.9 billion in 1982, a drop of 21.8 % is observed. Owing to the shortfall in government revenue, both the federal and state governments embarked on unrestricted deficit budgetting which induced heavy borrowing from the banking system. In 1983 alone, the credit to the public sector by the banking system amounted to ₦ 5.293 billion, excluding the backlog of unpaid wages and salaries of workers and the amount owed by all the governments to contractors and suppliers.

This administration is determined to improve our balance of payments position. Our total import bill during the first quarter of 1984 was ₦ 1.8734 billion compared to ₦ 2.3142 billion in same period in 1983.

The currency exchange exercise completed yesterday was designed to attack trafficking in Naira. This will be followed by strict punishment against all future currency offenders.

Some of the measures we intend to introduce may result in short-term price rises and create shortages in some categories of goods. No medicine is without pain. In our current situation of over-dependence on imports of raw materials and consumer goods and acute shortage of exchange to import such goods, this is not too high a price to pay if we are to achieve the necessary adjustment required to stimulate the economy.

POLICIES FOR 1984

After careful review, the following policy changes have been approved by government.

FISCAL MEASURES

The government has carried out a fundamental reform of the Customs and Excise Tariff to provide effective protection for local industries, reduce the level of unemployment and generate more revenue from the non-oil sector. The range of import duties has been reduced from between zero and 500 % to between 5 % and 200 %. To encourage investment, a degree of certainty has been introduced in our tariff structure which has been simplified further and will remain unaltered for a minimum of 3 years.

The items under schedule II of the Tariff which granted duty exemption to some 38 import items has been reduced to 20. Similarly, the general concessionary rates of duty which granted zero duty to some manufacturers has been abolished. Rates of duty of between 5 % and 10 % are introduced for some items previously exempted from duty, and other items hitherto enjoying low rates of duty under the approved user scheme.

Moreover, in order to encourage investment in agriculture, increase local production of food and agricultural raw materials, duties on machinery and equipment for exclusive use in agriculture are abolished. To protect local producers, duties on selected imported agricultural products have been raised. Since bread has become the cheapest staple food of our people, import duty on wheat and tea have been reduced. Import duties on medical preparations, life saving appliances and medical equipment are hereby abolished.

To encourage export of locally manufactured products, appropriate concessions and the modality of providing effective assistance to promote exports are being worked out. The reform of government-owned companies and parastatals to make them profit-oriented and less dependent on the government for funds is under consideration.

MONETARY AND BANKING POLICY

Monetary policy in 1984 will be applied to re-inforce other economic policies designed to achieve a substantial improvement in the balance of payments. This will enable the government to clear the backlog of accumulated trade debts, maintain a reasonable level of external reserves, reduce

inflationary pressures in the economy and encourage the expansion of domestic output of essential goods and services. In pursuit of the above objectives, a generally tight monetary policy will be adopted.

Accordingly, under the credit guidelines for 1984, the permissible maximum rate of credit expansion by commercial and merchant banks has been reduced. The aim is to avoid inflationary credit expansion and enhance the stability of the economy. The existing stipulations regarding sectoral distribution of credit by the banks are retained since they are designed to channel more credit to the priority sectors of the economy. A simplified structure of sectoral divisions will be applied for the rest of 1984 so as to give the banks more opportunity for initiative and flexibility in their credit operations.

To encourage more savings and ensure a more efficient allocation of scarce resources, the existing interest rate structure has been adjusted. The deposit and lending rates have been raised by between one-and-a-half and two percentage points. However, the rates for lending for agricultural production will remain at the existing levels to promote increased investment in agriculture.

This administration attaches great importance to spreading banking facilities and services to the rural communities all over the country. The on-going rural banking programme will therefore be continued with vigour.

INCOMES POLICY 1984

Although our economic difficulties persisted, we enjoyed relative industrial peace in 1983. Much of the credit for this must go to the workers who exercised considerable restraint in face of serious hardship. The Incomes Policy Guidelines in 1983 were largely an extension of the measures introduced during the preceding two years. However, the Productivity, Prices and Incomes Board extended and intensified its contacts with the private sector and was able not only to monitor the incomes policy guidelines more effectively but also to explore and provide practical solutions to the problems facing the economy.

At the inception of this administration we expressed our determination to relieve the intolerable suffering and general deterioration in the standard of living of our people. We also undertook to adopt measures which would ensure visible improvement in the quality of life of all Nigerians. In particular, we decided to pay all arrears of wages and salaries before the end of April, 1984. I am pleased to say that this administration has fulfilled its obligation in this respect. For the rest of the year, wages and salaries will be paid regularly.

However, in our present financial predicament, an increase in the existing level of wages and salaries is out of the question not only because the economy cannot afford it, but also because we believe that any salary increase would worsen rather than improve the lot of workers. The incomes policy guidelines for 1983 will therefore be retained in 1984. This administration will place emphasis on the intensification of a campaign for higher productivity in agriculture, industry and services which should facilitate an improvement in the standard of living of our workers.

ESSENTIAL COMMODITIES FUND

A revolving fund of ₦ 200 million has been established for the importation of essential commodities as a complement to the already intensified efforts of government to ensure local production of basic food items. For the moment Government notes the activities of hoarders and middlemen in deliberately frustrating efforts to reduce prices of food and essential commodities. Drastic measures are on the way to deal with these public enemies.

STATE FINANCES

The total projected revenue accruable to the federation account in 1984 is ten billion one hundred and ninety five million two hundred and nineteen thousand seven hundred and twenty six Naira. This amount will be distributed between the 3 tiers of government, that is Federal, State and Local Governments in accordance with the existing formula in Revenue Allocation Act, 1981. Financial assistance to the state governments outside statutory allocations will only be given in exceptional circumstances.

REVENUE AND EXPENDITURE ESTIMATES

I now turn to the revenue and expenditure estimates of the Federal Military Government for the fiscal year 1984.

REVENUE

The estimated federally-collectable revenue for 1984 is expected to total ₦ 11,311 billion. Out of this, the sum of ₦ 0.136 billion will accrue exclusively to the Federal Government. The balance of ₦ 10.195 billion will be transferred to the federation account in accordance with section 149 (1) of the 1979 Constitution as amended by decree No. 1 of 1984.

In accordance with the provision of the Revenue Allocation Act 1981, the share of the Federal Government from the Federation Account will be ₦ 5.607 billion while the States and Local Governments will have ₦ 3.109 billion and ₦ 1.019 billion respectively. When account is taken of the independence revenue of the Federal Government, its total revised revenue estimates for 1984 will be ₦ 6.743 billion.

In projecting the revised revenue estimates for 1984, the relevant international and domestic factors have been taken into account. In terms of oil production, the country is still limited to its quota of 1.3 million barrels per day. Every effort will be made to achieve that target. In addition, the fight against oil smugglers has been intensified to stop further leakages and to ensure that all incomes due to government accrue to it. Such measures taken against smugglers of petroleum products and «illegal bunkerers» in the last two months have resulted in the rapid build-up of diesel oil (AGO) and premium motor spirit stocks in our storage depots around the country and at the Warri and Kaduna refineries. About 60 % of

products meant for home consumption which would have been smuggled out by illegal bunkerers and other anti-social petroleum marketers has been saved. The incidence of product shortages particularly up country has also been virtually eliminated. Furthermore, since January 1984, the importation of petroleum products equivalent of 110,000 barrels per day of our off-shore refined crude oil has been reduced to 40,000 barrels per day. The refined products thus saved have been sold to earn additional foreign exchange.

REVENUE COLLECTION

Collection of taxes will be intensified and sanctions against tax evasion or any malpractice will be strictly enforced. A decree will soon be promulgated to effect some amendments in our tax laws to make tax administration more effective and reduce evasion.

A review of the Customs and Excise Management Act of 1958 will be undertaken to plug oil revenue loopholes. Customs will also be streamlined. More revenue collection centres will be established for the collection of excise duties. To combat smuggling, border patrols will be intensified, surveillance groups will be established and X-Ray equipment will be installed at our ports and international airports to examine general cargo and passenger's luggage.

RECURRENT EXPENDITURE

The recurrent expenditure of the Federal Military Government for the 1984 fiscal year amounts to ₦ 6.07 billion including Consolidation Revenue Fund charges of ₦ 2.89 billion which is a first charge to the Consolidated Revenue Fund. The recurrent expenditure «per se» i.e. personnel costs and overhead costs amount to ₦ 3.18 billion. Compared with the figure of ₦ 3.83 billion for 1983 and ₦ 3.79 billion in the 1984 draft estimates of the defunct civilian administration, the revised recurrent expenditure represents a reduction of 17 and half and 15 and half respectively over those of 1983 and the 1984 draft estimates. This reduction should not impair the efficiency and effectiveness of the public service. All government agencies will have to carry out personnel and management audits, maintain utmost financial prudence and discipline, and adopt cost-saving devices in the performance of their functions.

CONSOLIDATED REVENUE FUND CHARGES

As I have indicated earlier, the Consolidated Revenue Fund charges which are the first charge on the Consolidated Revenue Fund and an integral part of our recurrent expenditure, amount to ₦ 2.89 billion for this year. The two major components of the Consolidated Revenue Fund charges are pensions and gratuities and public debts charges. The public debts charges for 1984 amount to ₦ 2.56 billion compared with the figure of ₦ 1.11 billion for both 1983 and in the 1984 draft budget. This shows an increase of well over 100%. The Minister of Finance briefed the nation

recently on the overall public debts as at the time this administration took over on 31st December, 1983. The defunct civilian administration made no efforts in various budgets to provide adequately both for the payment of the capital borrowed and the interests due on loans. Consequently, in 1983 alone, an extra payment of ₦ 600 million was incurred on debt servicing. This administration had provided adequately for the payment of our public debt charges for this year.

MAINTENANCE OF ASSETS

As of now, maintenance of public assets in this country is seriously neglected. In order to correct this situation, appropriate directives have been issued to all Ministries/Departments and Parastatals to ensure proper maintenance of existing assets.

CAPITAL EXPENDITURE

The capital expenditure outlay for 1984 fiscal year is ₦ 3.93 billion. When compared with the 1983 figure of ₦ 6.59 billion and that of the 1984 draft estimates of ₦ 4.66 billion, there is decrease of «₦ 2.66 billion and» ₦ 0.73 billion which represented 40.30 % and 15.6 % respectively. The capital expenditure is to be financed through a combination of the recurrent surplus of ₦ 671.8 million, internal loans of ₦ 1.468 billion and external loans of ₦ 1.795 billion. It is obvious that this is a very unhealthy situation. But necessary corrective steps are being taken. The project review committee is already taking a hard look at various federal government projects. The outcome of the exercise and that of the Plan Review Committee would provide a more reliable framework for decision on the fate of some of the projects. Overall, only projects which have immediate beneficial effects on the generality of our people will be pursued.

EXCHANGE CONTROL

During the 1983 fiscal year, the nation's foreign exchange receipts totalled ₦ 8.45 billion while the actual amount of goods and services imported into the country was ₦ 10.921 billion. As a result Nigeria ended the year with an overall balance of payments deficit of ₦ 2.471 billion, the nation's external reserves stood at ₦ 819.4 million as at December 31, 1983.

In 1984, our total foreign receipts will be about ₦ 8.796 billion in foreign exchange. Out of this, ₦ 8 billion has been allocated for importation of goods and services and debt servicing obligations. By the end of the 1984 fiscal year, our external reserve position is expected to increase to ₦ 1.21 billion.

Foreign exchange control measures introduced earlier in the year concerning service fees, basic and business travels, medical allowances and overseas studies, will continue to apply. In addition, the percentage of net income allowed as home remittance to expatriates employed in Nigeria has been reduced from 50 % to 25 %.

It will be recalled that two years ago compulsory advance deposits for imports were introduced to eliminate excessive importation into the country and reduce the heavy pressures on the nation's external reserves. Since all visible items of import are now put under specific import licence, the compulsory advance deposit scheme is unnecessary. It is abolished.

EXTERNAL FINANCE

Our total external indebtedness as at 31st March, 1984 stood at ₦ 8.30 billion approximately. The total commitment is ₦ 17.46 billion out of which ₦ 9.80 billion has been drawn down. Repayments total ₦ 1.50 billion. Federal Government's total of drawing less repayments is ₦ 5.31 billion. The figure for the state governments is ₦ 2.98 billion.

In assessing our future credit-worthiness, good performance in loan servicing will constitute a vital factor. Therefore, in order to maintain this good image, Nigeria is determined to keep its total external indebtedness under strict control. Indeed, after a careful assessment of our debt-service profile, it has been established that, based on estimated foreign exchange receipts of about ₦ 8.796 billion during the 1984 fiscal year, our national external debt service ratio will be about 28.42 %. Consequently, a total amount of not less than ₦ 2.50 billion for principal and interest repayments will be needed annually to service our existing loans through 1984-86.

Also, considering that the Central Bank of Nigeria is statutorily required under its Act to ensure that it holds a minimum external reserve not below 25 % of its total demand liability at any point in time, our external debt situation requires a critical review.

Negotiations with the IMF and the World Bank will be continued in earnest in the hope that a mutually satisfactory compromise on the remaining issues can be reached eventually. However, whether or not we are able to reach a complete agreement with the IMF, this country will have to rely more on its own efforts and resources to improve our economic situation. Nigerians must be ready to make sacrifices. Other than very exceptional cases, no new capital projects will be embarked upon in 1984 at either Federal or State Government Level. There will be no further external borrowing by any state government. Our 1984 external borrowing programme will be confined strictly to the on-going capital projects which spill over from the 1983 fiscal year.

I now wish to give some highlights of the activities and programmes to be undertaken by Federal Ministries and Departments in key sectors of the economy during the rest of 1984.

AGRICULTURE

Severe drought and widespread outbreaks of rinderpest and mealy bug which hit the country last year caused heavy losses of crops and livestock. Hence the acute shortages of food which necessitated continued importation of rice and maize. As soon as local production attains an adequate level, the importation of staple food items will stop. A sum of ₦ 20

million has been allocated for emergency water supplies, supplementary feeds and the repair of agricultural tractors and machinery: In addition, state governments will be encouraged to set up farm settlements to absorb surplus labour and increase food production.

Long term recovery measures have also been drawn up to revive the agricultural sector of the economy. The Ministry of Agriculture, Water Resources and Rural Development will evolve a strong machinery for policy formulation, planning and monitoring at headquarters. Thereafter, all activities in the field will be based on the River Basin Development Authorities which will be redesignated «River Basin and Rural Development Authorities». These authorities will be decentralized so that each authority will cover only one state except Lagos and Ogun States which will share one authority. The authorities will work in close co-operation with the State Ministries of Agriculture. Furthermore, the government has made far-reaching decisions on agriculture. Small-scale traditional farmers will have easier access to credit, more efficient provision of inputs and higher producer prices. The Government will consider a proposal to amend the Nigerian enterprises promotion decree to enable non-Nigerians to own up to 80 % of large farm projects. Land acquisition will be greatly simplified and credit to farming further liberalized. These measures will take effect in time for the 1985 planting season.

PETROLEUM

Government has allocated ₦ 327,936,023 to support the financing of the development projects of the N.N.P.C. These include exploration activities in the Chad Basin, petrochemicals, liquefied natural gas (LNG) and a fourth refinery at Port-Harcourt. The foundation stone for the first phase of the petrochemicals industry was laid in February, 1984. About ₦ 115 million will be spent on gas supplies to industries particularly on the Escravo/Lagos gas pipelines which will supply gas to the NEPA power station under construction at Egbin.

Our petroleum policies and exploitation strategies are being reviewed so as to make it possible to maximise the impact of the petroleum industry on the economy. While we take note of the understanding by our foreign partners of our present economic circumstances, we expect them to be more responsive to government's aspirations and expectations. The policy on the activities of agents and middlemen in the oil sector will be reviewed to ensure that they do not frustrate the efforts of government at more effective management of the oil industry.

EDUCATION

Notwithstanding our current economic crisis, the Federal Military Government is committed to the provision of good sound education for the children of this country. Accordingly, about 15 % of the total federal budget has been allocated to education. Because of peculiar circumstances of individual states, including their financial position and the diverse social

problems, it is not possible for all the governments to adopt a uniform approach to the issue of funding of education at the various levels. However, the funding of education is the responsibility of the Federal, State and Local Governments and the parents, each contributing its share in accordance with constitutional arrangements.

This administration has given serious consideration to the National Open University programme. Because the infrastructure to make the programme succeed is either not available or inadequate, the government has decided that in the present financial situation, Nigeria cannot afford the Open University programme. The National Open University programme has therefore been suspended. The staff of the Open University will be suitably redeployed. Existing universities with schemes for part-time students will be encouraged to expand their programmes and take in more students, thus providing university education to many of those who would have wished to avail themselves of the opportunity of the open university programme.

INTERNAL AFFAIRS

Having regard to the high level of unemployment in this country and the serious safety and security problems posed by illegal aliens in our midst, government will see to effectively mobilise and equip the immigration service. In addition, greater cooperation and joint patrols at sensitive border points, between the armed forces, the police and immigration service will be instituted. With dedication and honesty, the impact of these measures should greatly improve internal security.

Over the years, our prisons have become so terribly overcrowded that they are now unable to undertake their corrective functions. Therefore, apart from expanding existing prisons, the ongoing programme for the construction of new prisons will be pursued to the extent that resources permit. What is more important however, is that the legal processes will be streamlined so that persons awaiting trial do not have to waste away in prison. As at now this category constitutes nearly 40 % of the prison population. The possibility of introducing suspended sentences and greater use of fines for relatively minor offences will be given urgent consideration.

COMMERCE AND INDUSTRIES

The Ministry of Commerce and Industries will concentrate its efforts on those areas of our industrial development that are of the highest priority and immediately feasible, having regard to the financial constraint facing the nation. These are the paper mill projects at Jebba and Oku-Iboku near Calabar, the machine tool industry at Oshogbo, the fertilizer project at Port-Harcourt and the Savannah Sugar Co. in Kuman. The programmes for the industrial sector will include incentives for industries using local raw materials, continued assistance to small-scale industries and investment promotion.

With regard to the issuance of import licences, which is dependent on available foreign exchange, priority will continue to be given to raw materials, spare parts and essential commodities. In addition, export promotion will be given special attention.

HEALTH

To achieve effective results, the budget allocation for hospitals has been directed at the consolidation and development of infrastructure in the existing Teaching and Specialist Hospitals. By the same token, State and Local Governments will concentrate efforts on maintenance of existing Hospitals, Health Centres and Dispensaries providing them with adequate equipment and drugs and on environmental and preventive health measures rather than on an indiscriminate hospital building programme.

Priority will be given to the development of laboratories for manufacture of drugs and vaccine locally to facilitate self-sufficiency in these essential items.

WORKS AND HOUSING

The present value of our investment on road development is more than ₦ 8 billion. In order to realise maximum benefit from the network of roads, emphasis will be concentrated on rehabilitation and maintenance.

COMMUNICATION

The planned objectives of the Ministry of Communications are aimed at providing efficient and reliable postal and telecommunication facilities and to continue with the policy of modernisation and expansion of Postal and Telecommunications facilities. However, due to structural deficiencies, these objectives are not being fully achieved. Consequently, this administration intends to embark on a complete overhaul of P & T system.

STEEL

One of the main preoccupations of this administration is to provide a solid industrial base for the future economic growth of the country. In this connection, positive steps are being taken to consolidate the integrated steel complex at Aladja and to accelerate the completion of Ajakuta Steel Plant with its associated infrastructures within the limits of available resources. The Completed Rolling Mills in two steel complexes as well as the three inland rolling mills at Oshogbo, Jos and Katsina will be put into greater productive operation. This will provide a substantial proportion of local requirements and, in consequence, save imports of steel products and conserve foreign exchange. Studies have begun in earnest to identify and articulate the economy's priorities on the steel industry, notably the production of steel flats and associated products.

POWER

Government is fully aware of the social and economic dislocation caused by the irregular performance of NEPA. The authority is therefore being reorganised. Due emphasis will have to be placed on the rehabilitation of existing installed capacity at power stations. Despite our economic

circumstances, this administration has made funds available for the procurement of vital spare parts which will enable NEPA to intensify its rehabilitation programme.

Allied to this, the national grid will be strengthened and extended to cover more areas of the country. The on-going projects at Jebba, Egbin and Shiroro will be pursued with utmost vigour so as to raise the installed capacity from the existing 3,000 megawatts to 5,000 megawatts.

The momentum on the extension work embarked upon at Afam and Delta stations will be maintained. The programmes of rural electrification will be continued in order to enhance the standard of living in the country side. Above all, this government is fully aware of the need to undertake measures which will guarantee long-term and more reliable power requirements. For this reason, the plans on our long-term strategies of uninterrupted power supply will continue so that new coal-fired stations, other thermal stations as well as additional hydro-stations will be identified for future implementation.

MINING

Government will review the solid minerals sector of the economy to enable it to play a more purposeful role in the economy. Efforts will be made to encourage mining for the export market and also for the supply of raw materials to our local industries particularly iron and steel, ceramic and cement industries as well as other users of industrial minerals. This will help to give a wide base to our economy in addition to creating new employment opportunities and saving foreign exchange.

FEDERAL CAPITAL TERRITORY

In approving the master plan for the development of Abuja in April 1979, the previous military government directed that the city should be built within a period of 15 years. The Federal Capital Development Authority spent the first three years on its existence on planning projects to be implemented at Abuja.

There was, therefore, every reason for this nation to have expected orderly development to take place as planned. The defunct civilian administration changed this approach and embarked upon a mad rush to commence the movement of the seat of the Federal Government to Abuja in 1982, instead of 1986. The concept of the new Federal Capital was perverted and made a vehicle of corruption and massive political patronage.

In order to return to the original concept and ideals for which the new Federal Capital Territory was created, this administration will adopt a programme of orderly movement to our new capital city. Government has also approved the re-organisation of both the Ministry of Federal Capital Territory and the New Federal Capital Development Authority.

EMPLOYMENT, LABOUR AND PRODUCTIVITY

The present high level of unemployment is of great concern to the government. Consequently, efforts will be made to strengthen the employment exchanges and encourage labour intensive enterprises. Ultimately, we have to accept the inescapable conclusion that a conscious movement back to the land is the best means of providing employment for our people and prosperity to our country.

EXTERNAL AFFAIRS

On foreign affairs, Africa will continue to be the centre-piece of Nigeria's policy. Our major emphasis will be on mutual self-help both with respect to development and security, especially within our sub-region. Thus, we will play our part to the fullest to ensure the uninterrupted growth of ECOWAS. On this, in large measure, our own progress depends.

Developments over the past year have put strains on the Organization for African Unity, which has served our continent so well for two decades. On the one hand, the Organization is faced with a financial crisis of unprecedented proportions and, on the other, with seemingly intractable problems in Chad and Western Sahara. The Federal Military Government will continue to place its good offices at the service of the organization in its quest for a solution to these and other problems.

The Federal Military Government will continue to give unqualified moral support to liberation movements, as well as material support within its means. We will continue, too, to work in concert with friendly countries in the international community and through the United Nations to ensure that maximum pressure is put on South Africa to end its inhuman occupation of Namibia and to abandon its apartheid system.

The Federal Military Government will develop further the bilateral ties which exist between Nigeria friends and trading partners throughout the world. Every efforts will be made to ensure that our vital interests do not suffer by the reduction in the number of our diplomatic missions and consular posts.

DEFENCE

In order to enhance domestic training for members of the Armed Forces, the existing training institutions will be expanded and equiped. The new Armed Forces University arising from the upgrading of the Nigerian Defence Academy will play a vital role in the training of the officer corps in the Armed Forces. Army training areas and ranges will be developed, the Navy Technical and Professional Training Schools as well as other specialist training institutions will be developed to reduce dependence of the Navy on training abroad. Similarly, the Nigerian Air Force Training School for aircraft maintenance and local training programmes will be expanded to cut down on dependence on foreign facilities in these areas.

The financial provision for defence in 1984 is designed to enhance the manufacture/assembly capacity of the Defence Industries Corporation. It is expected that on the completion of the on-going expansion scheme later in the year, a reasonable proportion of the small requirements of the Armed Forces will be produced locally. Research will be stepped up to consolidate the steady progress towards diversifying the range of defence equipment produced in the country.

POLICE

This government will ensure that the priorities of the Police are re-ordered with a view to achieving the goals expected of a viable Police Force, in terms of efficient performance, effectiveness and regaining the confidence of the populace. To this end, adequate provision has been made in this year's budget to cater for barrack-building and maintenance, for the purchase of operational equipment, for improvement of training facilities, for transport and communications, uniforms and the enhancement of the welfare of the men.

TRANSPORTATION

This administration will give priority to the development and provision of reliable and efficient transportation systems by rail, road and water to enhance an early and orderly recovery of other sectors of the economy. Available resources will be maximised through proper maintenance and repair. The operations of all the parastatals in the transport sector will be re-structured to make them more competitive.

NIGERIAN RAILWAY CORPORATION

The standard gauge system will be reviewed early in the context of the report of the Projects Review Committee. To ensure an improvement in the existing rail services, efforts will be made to improve on the availability of rolling stock. The possibility of local manufacture of wagons will be examined. Greater attention will be given to the maintenance of the railroads.

The Nigerian Railway Corporation will engage in more aggressive marketing of its services, particularly to government agencies which require to transport goods, raw materials and finished products over long distances.

CONCLUSION

In conclusion, let me restate that the revised 1984 budget has taken account of two facts. First, that our revenue is susceptible to economic fluctuations. Second, that the huge debts accumulated within the last four years will have to be serviced. We do not have much room for manoeuvre and have therefore adopted some tough measures. Government has given priority to agriculture, power, petroleum and industries. Investment in

these is expected to have more immediate return. The financial allocations depict a deliberate attempt to reorder priorities in favour of the purely economic sectors. We will ensure strict financial discipline and efficient use of resources. We are all required to make sacrifices so that our economy can be revived in the shortest possible time.

We require everybody's co-operation and understanding in our task to rescue this nation from social indiscipline, economic collapse and political chaos.

May God be with us.