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IMPACTS OF THE EXTERNAL SECTOR ON EMPLOYMENT AND EQUITY: THE CASE OF NIGERIA AND GHANA

by

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Preface

The International Poloicies Unit of the ILO has been undertaking a series of comparative studies in order to illuminate the interaction between external constraints and the achievement of employment and development objectives. By selecting pairs of countries with structural similarities, which have faced similar shocks, the aim is to explore the scope for government policies to increase employment relative to the constraints and opportunities outside the national domain. A comparison of Egypt and Turkey has already been issued as a Working Paper.

Nigeria and Ghana, although vastly different in population size, have both experienced negative growth in the early 1980s. They shifted from being quite diversified commodity exporters in earlier times to being largely monocultural - depending on petroleum and cocoa, respectively - with a concomitant weakening of agriculture, growth of food imports, and instability. The authors argue that overvalued currency and other means of taxing agriculture have contributed to this outcome, and have consequently undermined industrialisation efforts inspite of the over-protection of most industries. Urban unemployment has grown, and both countries are apparently witnessing urban-rural migration.

The two countries have been forced by circumstances to formulate structural adjustment policies, one with and one without the cooperation of the IMF. It is in the area of policy formulation that one can look for lessons as both countries struggle with a difficult legacy of past policies and with declining terms of trade. They both stand to benefit in the short term if collective attempts to raise petroleum and cocoa prices are successful; but effective adjustment requires the development of a more diversified, balanced and resilient economic structure.

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INTRODUCTION

NIGERIA AND GHANA IN THE GLOBAL CONTEXT

The ability of any developing economy to cope with externally-generated shocks depends not only on the amplitude and frequency of such shocks, but also on the internal resilience of its economic structure. With particular reference to Nigeria and Ghana, this study has attempted to identify the key external and internal impulses and constraints that have affected their development efforts in their respective post-independence eras.

Nigeria and Ghana represent interesting contrasts and similarities within the global context in several important respects. The following are illustrative.

(i) Demography

Although the population size of Nigeria and Ghana is vastly dissimilar, their growth trends are more or less similar and substantially different from the trends in other world regions. The situation is clearly depicted on table 1 below. Nigeria with an estimated population of 100 million in 1985 averaged an annual growth rate of 2.7 per cent in the last five years. Ghana, on the other hand, had a population of 13 million (1984 Census) and her population growth rate is 3.3 per cent - a rate Nigeria is estimated to attain within this decade.

The population growth trends of the two countries stand in stark contrast to growth trends in other regions of the world. The average for the developing countries, for instance, is estimated at 2 per cent per annum whereas for the developed market economies the annual average is 0.5 per cent. As will be shown in the study, the population momentum implied in the high growth trends has serious implications for employment and equity, the main foci of this study.

(ii) The GDP

In both Nigeria and Ghana, the GDP has been characterised by a similar growth sign - negative - in the last five years (table 1.1). More specifically, the average rate of decline in GDP per capita has remained at

Table 1: Population and GNP growth rates of selected country groups, 1965 to 1984

Country groups	1984 population (millions)	1980 GNP per capita (dollars)	Annual GNP growth rates (1965-84) Population growth rates (1965-84)							
			1965-73	1973-80	1981	1982	1983	1984	1984-90	1990-2000
Developing countries	3 386	660	4.1 (2.4)	3.3 (2.0)	0.8 (2.0)	-0.7 (2.0)	-0.1 (2.0)	2.1 (2.0)	(1.8)	(1.8)
Africa	223	270	1.3 (2.6)	0.0 (2.8)	-1.7 (3.1)	-2.6 (3.1)	-2.6 (3.1)	-1.5 (3.1)	(3.3)	(3.4)
Middle income oil importers	632	1 660	4.6 (2.4)	3.1 (2.2)	-0.8 (2.2)	-2.0 (2.2)	-1.6 (2.2)	1.1 (2.2)	(2.1)	(1.9)
Middle income oil exporters	491	1 240	4.6 (2.5)	3.1 (2.6)	1.5 (2.6)	-2.3 (2.6)	-3.6 (2.6)	0.1 (2.6)	(2.5)	(2.4)
Industrial market economies	729	10 480	3.7 (0.9)	2.1 (0.7)	0.7 (0.5)	-1.0 (0.5)	1.5 (0.5)	4.3 (0.5)	(0.5)	(0.4)
Nigeria	94		9.7 (2.5)	1.2 (2.7)	-5.3* (2.7)	-2.2* (2.7)	-4.6* (2.7)	1.0* (3.3)	(3.3)	(3.3)
Ghana	13		3.4 (2.2)	-1.3 (3.1)	-1.3 (3.1)	-1.3 (3.1)	-1.3 (3.1)	(3.5)	(3.5)	(3.5)

Note: Population growth rates are in parenthesis.

Source: Compiled from: (1) World Development Report, 1985, pp. 148 and 210.
(2) *UBA, Monthly Business and Economic Digest, Vol. 7, No. 12, Dec. 1984, p. 1.

-1.3 per cent per annum for Ghana and -1.9 per cent per annum for Nigeria. These trends again contrast with the average growth rate of 0.52 per cent for all developing countries and 1.4 per cent for the developed countries during the period (1981-84).

Obviously a declining GDP growth trend can pose severe constraints on the poverty- and equity-focused development strategies which are envisaged for the two countries.

(iii) The export base

Historically, the two economies had a diversified commodity export base. But in contemporary times, they have become increasingly monocultural in export orientation. Nigeria depends on petroleum oil exports, which have accounted for about 95 per cent of her annual export earnings in the last decade. Ghana, on the other hand, depends on cocoa exports which often account for about 70 per cent of her foreign exchange earnings.

The key implication of this monocultural dependence is that the global market fortunes of these two commodities get immediately translated into the respective economies. This introduces a significant element of instability into domestic planning, causing development breaks and distortions. A recent case in point is Nigeria's 1986 budget whose $15 billion revenue target was projected on the price assumption of $20 per barrel of oil. With the drastic drop in the price of oil from US$25 in December 1985 to US$15 in February 1986, this budget has been thrown out of gear. The implications of this will be elaborated upon in subsequent sections of the study.

(iv) Problems of external resources

Following from the monoculturalism of the countries' export orientation and the recent global recession which has also hit the developed market economies, external development resources for Nigeria and Ghana have dwindled, hence further reducing the ability to sustain development at tolerable levels. This situation has resulted in mounting external debts and increases in debt-servicing obligations. Nigeria's external debts stood at US$11.56 billion in 1983 while Ghana's external debt stood at US$1,708.2 million. Although these magnitudes take the two countries out of the league of big debtor nations like Brazil and Mexico, their repayment burdens are crushing on their economies. The negative impacts of the debts persist since the proceeds of these debts are hardly productive because of internal supply constraints. Efforts to cope with the dual problems of debt burden and day-to-day governance has led to the invitation of the International Monetary Fund (IMF) to carry through economic survival packages via structural changes. Ghana had accepted the IMF loan along with the conditionalities to be spelled out subsequently. Nigeria has rejected the IMF loan but accepted most of its conditionalities, preferring thereby to opt for a self-reliant structural adjustment programme.

The causes and implications of the above contrasting features of the two economies for employment and equity promotion form the subject-matter of the subsequent sections of this study. But to put things in perspective, a brief review of each economy is in order.

SECTION 1

MACRO-ECONOMIC REVIEW

This section undertakes a brief review of the key sectors of the Nigerian and Ghanaian economies. Such a brief review is important for two reasons. First, any attempt to assess the impacts of the external sector constraints on the domestic economies of the two countries necessarily requires an understanding of the features of their key sectors. And second, such analyses will provide the relevant framework for studying the profiles of equity and employment in the subsequent sections.

The issues to be addressed for each of the two countries in this section therefore include their agricultural and manufacturing sectors, external sectors, pattern of government budget expenditures and the IMF packages.

Nigeria

1.1 Agriculture

Agriculture is a key sector in the Nigerian economy because of the key roles it has played historically and is still expected to play in the country's development. These range from employment generation to provision of food for the teeming population and raw materials for industries. Unfortunately, in the last two decades the performance of agriculture in these and related respects has been disappointing. Table 1.1 depicts the statistical trends on agriculture's GDP contribution and growth.

It is clear from table 1.1 that the actual contribution of agriculture to GDP declined from 64 per cent in 1960 to about 45 per cent in 1970. By 1980, this decline had reached an all-time low of 20 per cent. It has remained at about 23 per cent from then until now.

Correspondingly, the growth rate of agriculture has been erratic in a generally negative direction (see column 4). Between 1960 and 1969, the annual average growth rate was 0.4 per cent and between 1970 and 1979 this increased to a trifle of 1.1 per cent. When this growth rate is compared to the 2.5 per cent average growth rate of population, it is clear that its critical roles in the area of food production, employment and exports were below par. Again, table 1.2 has shown the relevant trends.

As was hinted earlier, domestic food production suffered along with the decline in agriculture. Thus the index of food production fell from a peak of 163 - the highest ever in post-independence Nigeria - to 127.5 in 1972 (see column 2 of table 1.2). Apart from 1974 and 1975, when the index rose to 118.2 and 100 respectively, it averaged 84.9 between 1970 and 1984.

Table 1.1: Growth rates of agricultural GDP and its share in total GDP in Nigeria, 1960-84 (N' million)

Year	Total GDP	Agric. GDP	Growth in agric. GDP	Agric. contribution to total GDP (%)
1960	5 275.8	2 975.6	-	64.0
1961	5 300.3	2 890.1	-2.9	61.9
1962	5 551.0	2 993.9	3.6	61.2
1963	5 962.0	3 232.3	8.0	61.5
1964	6 219.4	3 220.4	-0.3	58.7
1965	6 639.7	3 240.5	0.6	55.4
1966	6 339.5	2 942.1	-9.2	51.7
1967	5.427.3	2 525.9	-14.1	52.7
1968	5 367.4	2 488.7	-1.5	52.6
1969	6 805.8	2 846.7	14.9	47.5
1970	8 902.1	3 511.1	23.3	44.6
1971	9 949.7	3 692.5	5.2	42.0
1972	10 323.8	3 461.6	6.3	37.0
1973	11 223.6	3 371.5	2.6	34.1
1974	12 194.5	3 718.4	10.3	30.5
1975	12 500.5	3 340.0	-10.2	26.7
1976	13 744.3	3 307.1	-1.0	24.1
1977	14 749.2	4 202.9	27.1	28.5
1978	13 966.9	3 218.7	-23.4	23.1
1979	14 618.4	3 135.1	-2.6	21.4
1980	14 874.3	3 059.7	-2.4	20.6
1981	14 571.5	2 922.2	-4.5	20.1
1982	14 152.1	3 249.3	11.2	23.0
1983	13 250.0	3 077.5	-5.3	23.3
1984	13 176.2	3 136.1	1.9	23.8
Average: 1960-69			-0.4	
1970-79			1.1	

Source: Federal Office of Statistics, Lagos, various issues of *Annual Abstracts of Statistics*.

To offset the shortfall in domestic food production, the country had to resort to ever-increasing food importation. Food imports therefore took a jump from N43.8 million in 1963 to N1,027.1 million in 1977. This rose to N2,115.1 million in 1981 from where it had fallen to a little over N1 billion in 1984 (column 4).

At independence, exports of agricultural commodities accounted for about 86 per cent of Nigeria's total exports. With the emergence of the petroleum sector as a major foreign exchange earner in 1973, the agricultural contribution to total exports dropped to 10 per cent. By 1981, this had taken a further dip to 1 per cent and has since averaged 3 per cent annually. (column 9).

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Table 1.2: Growth in domestic staple food production: agricultural exports and food imports in Nigeria, 1960-84
(N' million, except otherwise stated)

(1)	Index of food production (1975 = 100) (2)	Annual changes (3)	Food imports (4)	% annual changes (5)	Value of total exports (6)	Agric. exports (7)	Annual changes in agric. exports (8)	Share of agric. in total exports (9)
1960	131.0	-	n.a	-	330.0	282.5	-	85.6
1961	145.7	11.2	-	-	346.0	283.0	0.2	81.8
1962	149.2	2.4	-	-	334-2	260.0	-8.1	77.8
1963	162.9	9.2	43.8	-	378.0	285.9	10.0	75.6
1964	157.9	-33.1	23.3	-46.8	429.4	339.0	18.6	69.6
1965	161.2	2.1	46.1	97.9	536.8	322.4	-4.9	60.1
1966	139.0	-13.8	51.6	11.9	566.2	285.8	-11.4	50.5
1967	136.3	-1.9	42.6	17.4	483.6	257.2	-10.0	53.1
1968	143.8	5.5	28.4	-33.3	422.2	274.4	6.7	65.0
1969	174.0	21.0	41.7	46.8	636.4	288.2	5.0	45.3
1970	140.1	-19.5	57.7	38.4	885.4	265.2	-8.0	30.0
1971	119.8	-14.5	87.9	52.3	1 293.4	242.0	-8.4	18.8
1972	27.5	-27.0	95.1	-8.2	1 434.2	172.0	-29.2	12.0
1973	99.9	14.2	126.3	33.8	2 278.4	250.1	45.4	10.9
1974	118.2	18.3	155.0	22.7	5 794.8	276.0	10.4	4.7
1975	100.0	-15.4	297.9	92.2	4 925.5	230.6	-16.4	4.7
1976	85.7	-14.3	440.9	48.0	6 751.1	274.1	18.9	4.1
1977	81.1	-5.4	736.4	67.0	7 630.7	375.7	37.1	4.9
1978	72.6	10.5	1 027.1	39.5	6 064.4	412.8	9.9	6.8
1979	68.8	5.2	766.5	-25.4	10 836.8	468.0	13.4	4.3
1980	70.1	1.9	1 437.5	87.5	14 186.7	340.5	-27.2	2.4
1981	71.4	1.9	2 115.1	47.1	10.876.3	180.8	-68.0	1.1
1982	74.7	4.6	1 755.6	-17.0	8 182.1	178.9	-27.2	2.2
1983	72.6	-2.7	1 377.9	-27.8	7 494.5	293.3	63.9	3.9
1984	81.5	1.2	1 052.1	-33.3	8 717.1	276.0	-5.9	3.2
Average:								
1960-84		-0.35						
1960-69	150.1	3.6						
1970-84	84.9	-2.7						

Source: (1) Central Bank of Nigeria: Annual Report and Statement of Accounts, various issues.
(2) Federal Office of Statistics: Annual Abstract of Statistics, various issues.

The implications of the drastic decline in this key sector for employment and equity are significantly adverse. Attempts to quantify these will be made in the next section. But it suffices here to note that the collapse of agriculture has led to an unprecedented increase in unemployment via rural-urban migration, the loss in the ability of the poor to feed themselves at reasonable nutritional levels, as well as to have access to other necessities of life. To the extent that the majority of Nigerians (about 85 per cent) directly or indirectly depend on the agricultural sector for survival, a deterioration in the growth performance of this sector has generated significant inequalities in income distribution. This issue is taken up in the next section, while the policy analysis on efforts to revamp the sector is addressed in section 4.

1.2 Manufacturing

Manufacturing capacity constitutes a solid basis for sustaining any modern economy for a variety of obvious reasons. These range from increased employment, output for internal and external markets to technological progress. Efforts to reap these advantages led Nigeria to provide generous incentives to encourage manufacturing in the domestic economy. These included:

(i) the Industrial Development (Import Duties Relief) Act that allowed industries to import raw materials either free of import duty or at concessionary duty rates;

(ii) the Industrial Development (Income Tax Relief) Act which allowed a five- to ten-year tax-free period for public limited liability companies registered in Nigeria;

(iii) Customs Duties Act allowing for imposition of various duties to protect local industries;

(iv) Income Tax Amendment Act allowing for accelerated depreciation of capital assets.

The national push towards industrial self-reliance led the Government to embark on an indigenisation programme which was implemented by passing the Nigerian Enterprises Promotions Decrees in 1972 and 1977. The main aim was to enable Nigerians to take complete ownership of businesses in the small and intermediate categories while participating in the ownership with foreigners in bigger and more strategic enterprises, especially in the banking and petroleum sectors. Efforts were made to facilitate those transfers by establishing relevant institutional machinery.

The effects of Nigeria's post-independence efforts at manufacturing in particular and industrialisation in general can be summarised as follows:

1. The contribution of the manufacturing sector to GDP has been rather low. Between 1970 and 1980, for instance, the contribution of the manufacturing sector to the GDP has remained at about 6 per cent and this had increased to 8 per cent between 1981 and 1984. This is a poor record when compared to similarly situated countries with more substantial contributions, such as Egypt (27 per cent), Zimbabwe (25 per cent) and Peru (24 per cent).
   The main reason for the low valued-added in Nigerian manufacturing is traceable to wrong implementation of an import substitution strategy. This tended to encourage, via the incentives indicated above, dependence on foreign raw materials importation.
2. Despite the low contribution of manufacturing to GDP, its growth rate has been substantial. This was about 11.5 per cent in the early 1970s, and between 1974 and 1979 it grew at a compound annual rate of 15.6 per cent. In recent years, the sector has slowed down as shown by the index of industrial production on table 1.3.
   Although the index for the manufacturing sector showed a considerable increase, reaching 477.0 in 1982, the overall industrial index has been on the decline since then. This is reflective of low productivity growth in the Nigerian manufacturing sector.

Table 1.3: Index of industrial production in Nigeria (1972 = 100) from 1980 to 1984)

Year	Sectoral indices			Total
	Manufacturing	Mining	Electricity	
1980	344.7	113.0	271.7	190.8
1981	394.9	78.5	324.7	185.5
1982	477.0	70.3	344.8	206.7
1983	454.7	67.4	355.8	198.0
1984	371.8	75.8	383.9	177.8

Source: Federal Office of Statistics, Lagos.

Nigerian manufacturing operates in an extremely high-cost environment. The reasons for these costs include amongst others:

(i) High cost of labour caused by trade union wage pressures, government-led wage reviews, and the passing of a minimum wage law. In 1974, for instance, the minimum wage was N60 per month, but by the passing of the 1981 minimum wage law, this was increased to N125.00 per month. Thus Nigerian wages including the minima have been escalating, thereby making it extremely difficult for the manufacturers to contain their costs.

(ii) Inadequate infrastructures like water supply and uninterrupted power. In order to cope with power supply disruptions caused by the National Electricity Power Authority (NEPA), some companies are compelled to buy extra electricity-generating plants. This contributes to escalating their production costs.

(iii) Bureaucratic inefficiency caused by government's attempts to control scarce industrial inputs such as foreign exchange through import licensing, corrupt deals by public officials, etc. Industrialists who want to circumvent some of the controls incur further costs through participation in side deals (corruption).

3. Low employment generation. Despite the considerable growth rate before 1982 indicated above, Nigerian manufacturing has not been able to absorb labour at a fast enough rate. The output-employment elasticity is low (about 0.64). Again two reasons can account for this:

(i) the apparent lack of backward integration of most industries which depend mainly on imported raw materials; and

(ii) the high cost of labour vis-à-vis capital which encourages a capital-intensive approach. It should be noted also that the over-valued local currency (Naira) makes capital importation relatively cheaper.

4. Small-scale industries employing less than ten persons per plant dominate the industrial scene. They in fact account for about 90 per cent of industrial output and over 60 per cent of all the employed industrial labour. Intermediate and capital goods industrial outfits are at rudimentary stages in Nigeria.

5. The import-substitution strategy has invariably led to import intensity, hence dependence. Industrial machinery, spare parts and raw materials are mostly imported. The import content of manufactures is uncomfortably high for some items such as electrical appliances (93.6 per cent), motor body building (92.7 per cent), shipbuilding (89.4 per cent), wearing apparel (88.9 per cent), dairy products (90 per cent), and footwear (93 per cent). This dependence has created a source of vulnerability of the Nigerian economy to external shocks as we shall see.

6. The pattern of industrialisation has created and exacerbated the problem of rural-urban dualism as well as skewed personal income distribution. Nigerian industries are urban-based for understandable economic reasons.

This has been a major factor in the observed problems of rural-urban disparities (Umo, 1977). In personal equity terms, the ownership of strategic industries is in a few hands since their strategic location in urban areas made it possible for some people to benefit substantially from the indigenisation programme of 1972 and 1977. This process has helped to worsen not only the spatial equity but also equity in asset distribution.

7. The rate of return to industrial investment in Nigeria has been one of the world's highest. A rate-of-return analysis covering the period 1966-71 by Equere and Longe (1975) shows that the following subsectors were highly profitable: wholesale trading (138.2 per cent), petroleum mining (121.6 per cent), distillery and beer (137 per cent). The manufacturing sector as a group averaged a rate of return of over 20 per cent. In a preliminary survey of profitability in 1985, this same pattern of high rate of return is found to persist.

1.3 External sector

Nigeria, like many of the developing countries of Africa is mainly an open economy with external transactions constituting a significant proportion of her overall economic activity. In order to meet some of her national objectives, such as increasing income per capita, industrialising the economy and providing some of the basic needs of society, some capital equipment had to be imported and paid for from foreign exchange earned from her exports.

Before 1970, Nigeria had been experiencing continuous deficits in her balance of trade, current account balance and balance of payments as a whole. She had been importing more goods than her agricultural exports could earn in foreign exchange. Another possible cause of these deficits was the decline in prices of agricultural products in the world market. Thus shortage of foreign exchange earnings was a major obstacle to Nigeria's economic development. This explains why a significant number of projects envisaged in the 1962-68 First National Development Plan were not executed, since they were based on expected but unrealised foreign exchange earnings and foreign aid.

Size and growth of the Nigerian foreign sector

The Nigerian economy is characterised by a large foreign sector. In 1970, for example, about 17 per cent of the country's Gross Domestic Product (GDP) was exported while imports amounted to 15 per cent. Consequently, in that year, the size of the foreign sector or degree of openness was 32 per cent of GDP.

Although external transactions account for a substantial part of the economic life of Nigeria as revealed by the degree of openness, the dependence of the country on foreign trade was not as high as that of most African countries during the 1960-70 decade. In spite of Nigeria's relatively low ratio of foreign trade to GDP, she accounts for a large share of Africa's total trade because she is the largest African economy (excluding South Africa).

In 1970, her shares of total foreign trade of developing Africa and the West African subregion were 10 per cent and 40 per cent respectively. Her share of these has since increased tremendously as a result of the significant increase in quantity and value of crude oil exports. Nigeria's share in total international trade of West Africa was 64.4 per cent in 1983. In value terms, Nigeria's foreign trade is not surpassed by that of any other country in developing Africa.

Since 1970, there has been tremendous growth in petroleum exports and this increased the volume and value of Nigeria's external trade, as already noted. The share of exports in GDP increased from 17 per cent in 1970 to 25 per cent in 1976, and this trend continued till 1980 when it attained an all-time record of 32.8 per cent before declining to 21 per cent in 1982.

The share of imports in GDP also increased, from 15 per cent in 1970 to 19 per cent in 1976, and this upward trend continued to 1982 when it was 21.5 per cent. The seventies witnessed a much more open economy, with external trade's share in GDP rising to 54 per cent in 1980 before declining to 43 per cent in 1982. The decline afer 1980 was due to a fall in Nigeria's exports and not imports The world recession of the early eighties affected the demand for Nigeria's petroleum which happens to be the main export commodity.

The value of Nigeria's foreign trade (exports and imports) increased very rapidly during the seventies, from N1.6 billion in 1970 to N14.7 billion in 1977, and this represents an annual average rate of growth of 35 per cent. Total external trade, however, fell in 1978 from the previous year's level by 3 per cent to N14.3 billion. An increase of 28.3 per cent was realised in 1979, and as of 1980 it had increased further, by 29.6 per cent to N23.7 billion. Overall, the country's total external trade increased by about 58 per cent between 1970 and 1980. Although her total foreign trade rose to N23.9 billion in 1981, it continued to decline thereafter due to the fall in world demand for Nigeria's crude oil. Consequently, Nigeria's total foreign trade fell to N21.29 billion and N17.3 billion in 1982 and 1983 respectively.

Structure of Nigeria's external trade: exports

The growth of exports in Nigeria's external trade has been remarkable, especially since 1970. Its value rose from N339.4 million in 1960 to N885.4 million in 1970. However, as a result of the discovery of crude oil in large quantities and coupled with significant increases in oil prices in 1974 and 1980, the value of total exports increased to an all-time peak of N14,077 million in 1980 before declining to N7,636.6 million in 1983 (see table 1 of Appendix I). However, there was an improvement in export earnings in 1984 which stood at N9,131.2 million. On a year-to-year basis, one can say that total exports actually declined in 1978 and the post-1980 years. The fall in export earnings, especially since 1980, is largely due to the weakness in demand for Nigeria's crude oil in the world market and conservation policies of developed countries, although a sharp decline in exports of manufactures since 1982 also contributed to the overall fall. Furthermore, the fall in Nigeria's export earnings has serious implications for employment and equity, as we shall show later.

(a) Agricultural exports

A dominant feature of Nigeria's export trade and one that is common to most developing countries is the predominance of primary products and the relative insignificance of manufactures. Before 1970, Nigeria's exports comprised mainly agricultural products: principally cocoa, cotton, groundnuts, palm oil, kernal, rubber and timber. These and other non-oil exports (tin-ore, tin metals and manufactures) accounted for 97.4 per cent of total exports in 1960 while petroleum was about 2.6 per cent. The share of primary products has since been declining such that by 1970 it represented only 42.4 per cent of total exports while that of petroluem had increased to 57.6 per cent (see table 1 of Appendix I).

The main changes in the structure of Nigeria's exports are the increase in importance of oil among Nigerian exports and the fall in dependence of the country on agricultural exports. In 1973, for example, the share of oil in total exports was about 83 per cent and it has since continuously maintained this dominant position. The average percentage share of oil for the period 1975-80 was 93 per cent and between 1981 and 1984 was 96.7 per cent.

On the other hand, the agricultural share in total exports, which was about 82 per cent in 1960 and 58 per cent in 1965, declined to 30.2 per cent in 1970. This downward trend continued during the next decade such that agricultural exports reached their lowest level, 1 per cent, in 1982.

Among the traditional agricultural exports, only cocoa, palm kernels, natural rubber, raw cotton and hides and skins are still on the export list. Produce like groundnuts, groundnut oil, palm oil and groundnut cake are no longer on the list. The performance of agricultural exports since 1965 has been poor. Although producer prices paid to local farmers generally moved upwards during the period as an incentive to increase output of these commodities, this did not result in increased quantum of exports, partly because of the instability in world prices for major agricultural exports since 1970. The other contributory factors to the poor performance of agricultural exports earnings include shortfalls in supply and currency uncertainties that encouraged speculative dealings in commodities.

In terms of value, agricultural exports increased from N278.8 million in 1960 to N311.5 million in 1965 before declining to N230.6 million in 1975. The subsequent four years witnessed some increase in agricultural export earnings such that by 1979 they had risen to N468 million before declining to their lowest ebb of N92 million in 1982. The value in 1983 and 1984 was N274.9 million and N288.8 million respectively (see table 1 of Appendix I).

Export of manufactures followed the same trend as agricultural exports. Before 1970, the share of manufactures in total exports was on the average about 10 per cent. However, between 1970 and 1974, it declined very significantly, from 8.4 per cent to 2.2 per cent, and since 1978 it has remained under 1 per cent.

The implications of the declining trend in the contribution of agricultural products and manufactures to Nigeria's total export earnings over time on employment and equity are quite clear. The consistent decline in both value and volume of these types of export commodities was accompanied by a continuous decline in the level of employment in the agricultural sector as well as in the export-oriented manufacturing industries. The decline in the quantum of agricultural products for export is an indication of the decline in earnings of workers engaged in producing these commodities. Consequently, the decline in earnings from the agricultural sector indicates a worsening of inequality in society when compared with those from other industries.

(b) Crude oil exports

The fortunes of Nigeria's export trade are intricately linked to developments in the petroleum sector. In 1960, the country's total exports of oil amounted to N8.8 million and this was 2.6 per cent of total exports. However, by 1965, oil exports had increased to N136.2 million, accounting for 25.4 per cent of total exports. This upward surge in crude oil export earnings continued as quantity produced increased even with only marginal increases in prices of crude oil. Thus the value of crude oil exports in 1970 rose to N510 million, and this constituted 57.6 per cent of total exports.

Nigeria's oil production and exports, however, bounced to a significant height in late 1973 and 1974 as a result of the stimulus provided by the 400 per cent increase in world oil prices. Under these favourable price conditions, oil production increased from an average daily level of 1.67 million barrels in 1971/72 to 2.15 million barrels per day in 1973/74. Consequently, the value of oil exports increased from N1.89 billion in 1973 to N5.37 billion in 1974, representing an increase of about 283 per cent in one year.

Oil production and exports, however, declined in 1975 due to a fall in demand by the developed countries which were facing a recession. Total oil exports fell from N5.37 billion in 1974 to N4.56 billion in 1975. Thereafter, oil exports recovered but again slumped to N5.4 billion in 1978 following a serious oil glut which led to a decline of oil prices. As a result of the upward adjustments of oil prices in 1980 by OPEC, petroleum export earnings rose to a record peak of N13.5 billion at the end of that year.

Nigeria's oil exports were hard hit by the second world oil glut by the middle of 1981. Thus oil production fell drastically to an average of 1.43 million barrels a day, the lowest daily production since 1970. The result was a substantial decline in the value of oil exports, from N13.5 billion in 1980 to N10.6 billion in 1981, N8.6 billion in 1982, N7.3 billion in 1983 and N8.8 billion in 1984. The marginal increase in oil export earnings in 1984 was due to her adventure into non-quota markets.

To put the oil commodity into perspective in the Nigerian economy, the following salient facts are worth noting: petroleum accounts today on the average for 96 per cent of Nigeria's total exports, about 90 per cent of the country's foreign exchange earnings and over 80 per cent of the Federation's budgetary revenue. Indeed, petroleum dominates the nation's economic and financial performance to such an extent that changes in the fortunes of this single commodity affect very significantly the country's balance of payments, the revenue and expenditure of the Government and the entire liquidity of the economy.

The continuous increase in oil production and exports till 1980 had serious implications for employment and equity. The increase in oil export earnings from 1960 to 1980 has contributed indirectly to the rise in the level of employment in the manufacturing sector by providing foreign exchange needed to import raw materials, spare parts and machinery to expand production. As regards employment within the oil industry, there had not been a significant increase despite an increased level of crude oil production, the reason being the capital-intensive nature of the oil industry (Ubogu, 1983).

On the other hand, the drastic decline in oil production and exports since 1981 has adversely affected the level of employment within the whole economy. The fall in oil export earnings implies less foreign exchange available, less imported raw materials, spare parts and machinery needed to produce and expand production in the manufacturing sector. An implication of this has been a significant decline in the level of employment in the manufacturing sector since 1981. Many manufacturing plants have since 1981 been operating at half capacity due to inadequate supplies of raw materials and spare parts.

Furthermore, the decline in oil export earnings since 1981 implies a drastic fall in government revenue needed to meet recurrent and capital expenditure. The experience since 1981 has been one of continuous retrenchment in various government establishments due to its inability to pay wages and salaries. In terms of equity, the significant increase in oil earnings from 1973 till 1980 worsened the inequality in income distribution in the economy between the oil sector and other sectors of the economy, as will be shown later. A possible explanation for this is the high wages paid in the oil sector relative to the other sectors and the oil sector's weak linkage with other sectors of the economy.

(c) Imports

Merchandise imports which amounted to N431.8 million in 1960 rose moderately to N756.4 million in 1970. From this level, imports increased rapidly, to N3.7 billion in 1975, and the subsequent years witnessed significant increases such that in 1981 they had reached an all-time peak of N12 billion (see table 2 in Appendix I). The post-1981 years witnessed a continuous decline in imports due to the world economic recession which affected Nigerian exports of oil and hence her ability to pay for her imports.

During the 1970-80 period, imports grew at an annual average rate of 32.6 per cent, and maintained an annual average rate of 32.1 per cent for the years 1980 and 1981. However, since 1981, imports have been declining at an average rate of 18 per cent per annum, and their value was N10.77 billion, N8.9 billion and N7.17 billion in 1982, 1983 and 1984 respectively.

An examination of Nigeria's imports shows that, during the 1970-80 period, imports of various consumer goods, ranging from food items, manufactured articles to raw materials and capital goods, increased significantly. As a result of various economic policy measures aimed at promoting industrial development, there have been some shifts in the structure of imports. In 1970, consumer goods (durable and non-durable) accounted for about 28.8 per cent of total imports, and their share declined marginally to 28.2 per cent in 1979. But the post-1979 period showed an increase in the share of consumer goods, to 39.6 per cent in 1980, remaining above 40 per cent, except for 1984 (see table 2 of Appendix I).

One of the factors that contributed to the high import bills, especially for consumer goods, has been the tremendous increase in imported food items. Food imports increased from N57.8 million in 1970 to an all-time record of N1.8 billion in 1980. The reason for this substantial increase in food items had to do with inadequate local supply.

As regards capital goods and raw materials needed to promote industrial development, their value increased from N538.6 million in 1970, representing 71.2 per cent of total imports, to N6.68 billion in 1981. The 1982-84 period witnessed a continuous decline in the value of imported capital goods and raw materials, and as at 1984 it had fallen to N4.5 billion. The trend in capital goods and raw materials imports between 1970 and 1984 shows that during the 1970-79 period, it remained at an average of 70 per cent of total imports while it was only at above 60 per cent during the 1980-84 period.

The most interesting development is that capital goods and raw material imports increased significantly not only in absolute terms but also as a proportion of imports. The relative decline in the share of capital goods and raw materials since 1979 gave rise to under-capacity utilisation of installed capacity in the Nigerian industrial sector.

The decline in total imports, especially since 1981, is related to Nigeria's balance-of-payments difficulties. Her merchandise trade account recorded surpluses from 1966 to 1980, the only exception being 1978. The surplus was initially at its peak of N4.4 billion in 1974 before it was superseded in 1980 when it climbed to N6.1 billion. The post-1980 experience has been one of deficits in merchandise trades of N0.7 billion in 1981, N1.8 billion in 1982 and N0.65 billion in 1983.

External shocks and their impact on the foreign sector

The signs of economic problems in Nigeria became more apparent in the mid-seventies and chronic after 1980. In the early seventies, Nigeria's external reserves were relatively low. However, they climbed from about N155 million in 1970 to N3.7 billion in 1975 due to a very good performance of the oil sector in 1973 and 1974. This rapid increase in reserves enabled Nigeria to lend N133.9 million to the IMF in 1975.

The adverse developments in the current account from 1975 to 1978 did not allow the surplus reserves to persist for long. From N3.7 billion in 1975, the level of reserves declined to N1.3 billion in 1978. The reserves were built up again in 1979 and 1980 such that as at 1980 they amounted to N5.6 billion, largely as a result of increased oil sector foreign exchange earnings. A serious drain on the reserves occurred in 1981 following the unfavourable developments in the world oil market. By the end of 1981, the reserves had fallen to N2.5 billion. Nigeria was thus submerged in both external and internal liquidity crises as from 1981, which was indeed the beginning of the acute economic problems of Nigeria.

As we have seen, the glut in the world oil market which started about June 1980 adversely affected Nigeria's oil exports and continuously affected her imports as well as her reserves. The reserves which stood at N2.5 billion in 1981 were only sufficient to finance two months' import bills. The situation got worse thereafter, compelling Nigeria to resort to various kinds of external loans, especially privately financed loans with floating interest rates, to pay for her imports.

Nigeria's external debt thus rose from $478 million in 1980 to $2,180 million in 1978, $4,652 million in 1981 and $11,757 million in 1983. It is estimated that it rose to $14,135 million in 1984. Unfortunately, as external debt was increasing at an annual average rate of 40.4 per cent during 1981-84, earnings from exports were declining at an annual average rate of 4 per cent such that the debt-service ratio increased at an average rate of 15 per cent per annum. These trends clearly suggest that Nigeria has been having problems in coping with her debt obligations since 1981. These problems became more severe in 1983 and 1984 when the debt-service ratio rose to 18.6 per cent and 44 per cent respectively.

(d) Structure of external debt

The structure of Nigeria's external debt shows that the terms have been unfavourable since 1980. Before 1980 about 70 per cent of Nigeria's debts came from official sources with low interest rates and long-term repayment periods while 30 per cent came from private sources at relatively fixed high interest rates. No loan was taken from private sources on floating interest rates. However, since 1980, the structure has been completely reversed in favour of private loans with floating interest rates and short repayment periods. The average proportion of disbursed outstanding debt from official sources during 1980-83 was 14.5 per cent while that from private sources was 85.5 per cent (World Bank, 1980, 1983, 1985). Furthermore, of the total outstanding debts incurred since 1980, the percentage share of debt at floating interest rates was on the average 65 per cent. This accounts for the high interest payments, debt-service ratio and amortisation ratio (see table 3 of Appendix I).

Apart from the fact that loans from private sources have short repayment periods and carry very high interest rates at the beginning, their being made to float makes the borrower bear the entire risk of fluctuations in the capital markets abroad. An examination of table 3 of the Appendix shows that the debt-service ratio (debt-service as per cent of export earnings) increased from an annual average of 1.4 per cent during the 1975-80 period to 4.7 per cent in 1981. It increased further at a rapid rate to 8.9 per cent in 1982, 17.5 per cent in 1983 and 27.6 per cent in 1984, and 45 per cent in 1985.

The geometric rate of growth of debt-service obligations during the post-1980 era is a reflection of the structure of external debt, which is characterised by private loans of short maturity periods and very high floating interest rates.

Given the increasing deficits in the domestic economy, the substantial increase in external debts, poor prospects for Nigerian oil and the decline in overall exports, it became clear to Nigeria's creditors after 1981 that it was becoming increasingly difficult for Nigeria to meet her international obligations. Nigeria seems to have run into serious domestic structural problems. She cannot absorb external shocks given the rigidity of the economic structure and the heavy dependence on imports of capital goods, raw materials, manufactured durable and non-durable goods.

The inability of the economy to respond positively to external shocks calls for a reassessment of the policies and programmes in the domestic economy in relation to the rest of the world. It also requires a closer examination of the management of internal and external resources to restore economic growth through the design and implementation of short-, medium- and long-term measures that will provide the basic needs of society, generate more employment and minimise the existing inequalities in society. These issues will be examined in greater detail in section 4.

1.4 Budget trends and the IMF package

The structural features of the Nigerian economy in the last 16 years are roughly reflected in the federal budgets. Table 1.4 shows that federally collected revenue was N633.3 million in 1970, and by 1980 had increased to N13,352.5 million - a 21-fold increase. The revenue averaged about N11 billion from 1982 to 1985.

Table 1.4: Nigerian federal government revenue and expenditure (1970-86) (N million)

Year	Federally collected	Capital expenditure	Recurrent expenditure	Total expenditure	Budget balance +(surplus) -(deficit)
1970	633.3	200.5	638.3	838.8	-205.5
1974	4 537.0	1 223.5	874.0	2 097.5	+2 439.5
1978	7 371.1	5 092.3	3 427.8	8 520.	-1 149.0
1980	13 352.5	7 195.4	4 589.7	11 785.1	+1 567.4
1982	10 143.9	6 417.2	5 506.0	11 923.2	-1 779.9
1983	10 811.4	6 385.8	5 278.8	11 664.6	-853.2
1984	11 738.5	4 270.1	60 725.0	10 342.6	+1 395.9
1985	11 237.0	5 803.4	5 473.2	11 276.6	-39.6
1986*	15 600.0	5 945.9	5 635.8	11 581.7	+4 018.3

* Provisional.

Source: Computed from: (i) Business Concord, 4 Oct. 1985, p. 9; (ii) UBA Monthly Business & Economic Digest, Vol. 8, No. 12, Dec. 1985, p. 4.

There has been a corresponding increase in both capital and recurrent expenditures over the years. With the exception of a few years, viz. 1974, 1980, 1984 and 1986, the budgets have been in deficit over the past 16 years.

In terms of the structure of federal government expenditures between 1970 and 1984 (see table 26 in the Appendix), the following highlights are worth noting:

(i) budgetary allocations for social services and welfare have been consistently low, averaging 3.5, 1.4 and 5.8 per cent for welfare services, health and education respectively;

(ii) allocation to defence, which (understandably) was about 43 per cent during the civil war years, declined to an average of 12 per cent. Even this allocation seems too high for the peace-time defence needs of a developing economy, especially when it is noted that it was at the expense of "economic services" whose allocation averaged only 20 per cent.

A combination of an increasing domestic budget deficit, external indebtedness and trade imbalance led the Nigerian Government to approach the International Monetary Fund (IMF) in 1983 for a structural adjustment loan of US$2.7 billion.

1.4.1 IMF conditionalities for Nigeria

As a condition for meeting Nigeria's request for the loan, the following were required:

(1) review of public expenditure;

(2) removal of subsidies;

(3) reduction of grants, subventions and loans to parastatals;

(4) cessation of non-statutory transfers to state governments;

(5) simplification of customs and tariff structure;

(6) review of industrial incentives and policies;

(7) strengthening of the operational efficiency of revenue-collection agencies;

(8) review of interest rates;

(9) external debt management;

(10) export promotion;

(11) adjustment of producer prices;

(12) trade liberalisation; and

(13) devaluation of the Naira.

After a protracted three-year negotiation and national debate on the conditionalities, the Nigerian Government decided in December 1985 to reject the IMF loan. A comprehensive structural adjustment budget for 1986 was put in place as "the answer" to the IMF loan. In view of its significance in designing a structural adjustment programme for the Nigerian economy, a more detailed analysis of this budget will be attempted here.

Nigeria's 1986 budget

The 1986 budget, which was announced on 1 January 1986 by the President, was an attempt to put a credible structural adjustment programme as an alternative to the IMF loan conditions rejected a few weeks earlier. Consequently, the budget incorporated the main strands of the IMF conditionalities spelled out above, within the ideological context of national economic self-reliance. The details of sectoral allocations for both recurrent and capital expenditures are as shown on tables 1.5 and 1.6 respectively.

Some of the allocative highlights in the N15.2 billion budget include a capital expenditure of 8.3 per cent for rural development, 4.17 per cent for manufacturing and craft and 7.43 per cent for education, and recurrent expenditures of 13.17 per cent for defence, 6.78 per cent for police and 4.95 per cent for health (see tables 1.5 and 1.6).

Table 1.5: Approved 1985-86 recurrent expenditure estimates for Nigeria

Ministries/Departments	1985	1986	% of 1986 allocation
General Staff Headquarters	46 448 180	45 764 540	0.81
Cabinet Office	164 860 780	170 035 160	3.02
Police	328 134 330	382 074 330	6.78
Police Service Commission	7 081 910	6 785 600	0.12
Ministry of Agric., Water Resources & Rural Dev.	32 745 250	32 878 130	0.58
Federal Audit Department	5 459 820	5 362 630	0.09
Judiciary	16 186 620	13 184 610	0.23
National Industrial Court	446 160	376 470	0.01
Ministry of Communications	82 670 000	82 817 630	1.47
Ministry of Defence	656 569 890	742 392 060	13.17
Ministry of National Planning	29 142 230	30 562 620	0.54
Ministry of Education	(256 856 650	208 990 210	3.71
Ministry of Science & Technology	(	75 210 880	1.33
Federal Capital Territory	20 336 470	20 336 470	0.36
Ministry of External Affairs	94 079 190	91 506 770	1.62
Ministry of Finance	292 090 050	200 039 570	3.55
Ministry of Health	167 726 570	279 225 970	4.95
Ministry of Information & Culture	(282 212 530	146 923 780	2.61
Ministry of Social Development, Youth & Sports	(	139 138 940	2.47
Ministry of Internal Affairs	176 893 770	190 596 890	3.38
Advisory Judicial Committee	83 570	83 570	0.00
Ministry of Justice	8 351 370	8 305 090	0.15
Ministry of Employment, Labour & Productivity	16 031 400	16 437 050	0.29
Ministry of Mines, Power & Steel	14 129 880	14 026 390	0.25
Public Complaints Commission	4 984 100	4 935 540	0.09
Civil Service Commission	3 681 430	3 680 120	0.07
Ministry of Trade	(21 539 060	10 847 240	0.19
Ministry of Industries	(	9 579 010	0.17
Ministry of Transport & Aviation	43 100 530	42 960 000	0.76
Ministry of Works & Housing	193 196 290	329 615 020	5.85
Contingencies	80 000 000	80 000 000	1.42
National Universities Commission	442 594 570	443 810 630	7.87
Subtotal	3 541 632 600	3 828 482 920	67.93
Consolidated Revenue Fund charges	1 931 610 310	1 807 285 560	32.07
Grand total	5 473 242 910	5 635 768 480	100.00

Source: Federal Ministry of Finance, Lagos, Dec. 1985.

Table 1.6: Approved 1985-86 capital expenditure estimates for Nigeria

Sector/subsector	1985 allocation	1986 allocation	% of 1986 allocation
	N	N	
Rural development	65 802 000	491 540 924	8.30
Agriculture (crops)	198 034 703	215 361 156	3.62
Livestock	32 188 988	31 070 358	0.52
Forestry	4 272 000	8 000 000	0.13
Fisheries	2 000 000	5 500 000	0.09
Mining and quarrying	30 790 887	88 050 000	1.50
Manufacturing and craft	206 165 757	248 181 157	4.17
Power	125 189 435	121 000 000	2.03
Commerce and finance	4 937 543	206 058 000	3.46
Land transport system	248 113 661	359 200 000	6.04
Water transport	23 757 564	22 645 414	0.40
Air transport system	15 199 264	36 500 000	0.61
Posts and telecommunications	120 100 000	97 787 500	1.64
Education (including NUC)	115 017 120	442 047 000	7.43
Health	49 353 145	81 200 000	1.40
Information	7 891 640	5 952 907	0.10
Employment, labour and productivity	4 725 086	2 548 250	0.04
Social development, youth & sports	3 245 885	4 627 274	0.07
Water resources	134 152 460	141 052 157	2.40
Environment	2 000 000	1 000 000	0.01
Housing	2 314 526	50 207 000	0.84
Survey and mapping	38 200 000	8 000 000	0.14
Co-operative and supply	200 000	1 800 000	0.03
Prisons	11 600 000	3 000 000	0.05
Police	19 025 258	206 000 000	3.46
Defence	238 080 811	164 666 000	2.76
General administration	108 892 835	191 879 482	3.22
External financial obligations	78 564 000	79 000 000	1.32
Federal capital territory	200 000 000	200 000 000	3.36
Service and technology	3 700 000	7 000 000	0.11
Petroleum and energy	145 000 000	400 000 000	6.72
Steel development	357 739 842	357 789 842	6.01
Capital repayments	1 079 945 000	1 166 500 000	19.61
External loan	2 105 200 000	500 000 000	8.40
Total	5 803 399 410	5 945 964 421	100.00

Source: Federal Ministry of Finance, Lagos, Dec. 1985.

Other interesting features (not apparent in the tabular allocation) include: an 80 per cent reduction in the petroleum subsidy; a 30 per cent consolidated import surcharge; a 5 to 20 per cent cut in salaries of all workers in the private and public sectors of the economy; a surcharge of 5 to 10 per cent on after-tax profits, dividends and rents; and a 50 per cent reduction in subsidies to parastatals.

The specific structural adjustments in some key sectors of the economy in the budget can be summarised as follows:

(1) Food production and rural development

Increased food production and accelerated development of the rural sector are featured as a cornerstone of the structural adjustment package in the budget. Many incentives for boosting agriculture and agro-allied activities are envisaged. These include substantial expenditure on rural infrastructure to be financed from N900 million proceeds from reduction of expenditures in the petroleum sector; the building of 60,000 kilometres of rural feeder roads in the jurisdiction of 304 local governments across the country; and increased credit to the rural sector. More specifically, nearly 40 per cent of commercial bank lending is to go to the rural sector.

(2) Diversification of the export base

The oil sector which has consistently been contributing about 90 per cent of the total foreign exchange earnings is expected to contribute 83 per cent (or N9.1582 billion) in 1986. The lopsided reliance on petroleum exports implies overexposure to external stimuli; hence the non-oil sector is expected to contribute 17 per cent (or N1.5 billion) of Nigeria's foreign exchange earnings. A battery of export incentives stipulated in the budget to boost the export programme include:

(1) import-duty rebate on raw materials and components used in export product manufactures;

(2) preferential export licences for export activities;

(3) retention for own use of 25 per cent of foreign exchange earned through export;

(4) refund of excise duty paid on exports by manufacturers;

(5) support services to entrepreneurs seeking new outlets, and establishment of export guarantee and insurance schemes;

(6) export financing assistance;

(7) revitalisation of export-promotion council;

(8) encouragement of establishment of duty-free zones in selected parts of the country and simplification of export licence procedures.

The export-boosting programme is to be financed from the proceeds of a special import levy, estimated at N1 billion.

(3) Financing of basic needs

Basic needs like health, education and informal sector activities are to be financed with an Economic Recovery Fund of about N500 million, to be created from proceeds of salary, profit and rent reductions.

(4) Two-tier foreign exchange market

The budget has introduced a second-tier foreign exchange market as a follow-up to the 1985 foreign exchange domiciliary account scheme. This scheme requires an introduction of a market-determined rate of exchange for the Naira - possibly between the official rate of US$1 = N1 and the black market rate of $1 = N4. The ostensible objective is to minimise the pressure on the Naira exchange rate in the illegal (third-tier) market as well as ease up excess demand in the first-tier (official) exchange market.

(5) Counter trade

The budget reaffirmed the Government's determination to use counter trade as a tool for revamping the economy in the short run. Counter trade is a form of modern-day trade by barter, but in Nigeria's specific case oil is traded for commodities or services needed by the economy. It is to be used selectively, especially for securing support for project finance.

(6) Privatisation

Government aims at undertaking a divestiture of public holdings in commercially-oriented enterprises such as agricultural production, hotels, food, beverages, breweries, distilleries, etc. With banks and other financial institutions, the Government aims at divesting itself of some holding without losing overall control.

(7) Foreign exchange budget

Nigeria's external debt, which now stands at N11.38 billion, is made up of N7.11 billion owed by the Federal Government and N2.87 billion owed by the state governments. The projected 1986 foreign exchange budget of N9.582 billion is to be allocated as follows:

Private sector	53 per cent	(N5.08 billion)
Debt servicing	30 per cent	(N2.87 billion)
Public sector	15 per cent	(N1.44 billion)
Contingencies	2 per cent	(N0.19 billion)
Total	100 per cent	N9.58 billion

1.4.2 An evaluation of the 1986 budget

Nigeria's 1986 budget is unique in many significant respects. These include:

(1) The self-reliance orientation

Unlike most previous budgets, which were characterised by deficits, it shows a surplus of about N4 billion. No provision is made for more external borrowing by either the federal or state governments. It lays emphasis on national self-sufficiency in food production not only by banning importation of certain food items like rice and vegetable oil but by attempting to rationalise the River Basin Development Authorities, increase rural infrastructure and provide incentives to local production of food items. Bold efforts have also been made not only to produce raw materials locally but also diversify the non-oil export base. Care has been taken to ensure compatibility of self-reliance and selective involvement in international economic transactions including trade and technology transfer.

(2) Sacrifice by the citizens

The 1986 budget is probably the first in the country that has called for great sacrifice by all the citizens. Salaries of all modern sector workers have been slashed, using some graduating scale ranging from 2 per cent to 15 per cent of gross money income to ensure equity in the spread of the burden. Similarly, private businessmen have been made to contribute to the Economic Recovery Fund. The withdrawal of petroleum subsidies has resulted in a doubling of transportation and fuel costs for everybody. The inflationary potential of the budget will be felt after the general equilibrium impacts of some specific measures like the 30 per cent increase in import duties and reduction in subsidies to parastatals shall have worked themselves out. It was possible to push through this harsh programme because of the choice of the citizens to tolerate domestically imposed conditionalities rather than the IMF-related ones.

(3) Policy orientation

The budget is a policy-oriented one in the sense that most of the specific proposals cannot be implemented within the normal one year that any budget is expected to operate. It can in fact be regarded as a mini (short-term) development plan - requiring the setting up of institutional mechanisms for its implementation.

(4) IMF conditionalities

Some observers have viewed the budget as being characterised by IMF conditionalities without the IMF loan. This observation seems essentially correct since it has met the conditions that became rather controversial during the heat of the IMF debate. These included the issue of devaluation of the Naira, removing the petroleum subsidy, and trade liberalisation. The Naira is now being allowed to adjust itself and remains presently at par with the US dollar (i.e. US$1 = N1). Furthermore, the creation of a second-tier market in foreign exchange is a liberal move to encourage the flow of foreign exchange into the country. Eighty per cent of the subsidy on petroleum products has been withdrawn and the tariff structure has been rationalised. The question why Nigeria rejected the loan while accepting its conditionalities perhaps needs to be addressed at this juncture.

The reason seems more political than economic. The involvement of the IMF in restructuring the economy of the country seemed to have revived either the ghost of colonialism or a spectre of some "neocolonialist" interests. The past negative records of unsuccessful restructuring programmes of other countries which took IMF loans seem to have lent further credence to people's fears. These fears might be evaluated as sentimental and baseless. But they constituted a binding political constraint that forced the Government to reject the loan. Government then exploited the nation's mood by pushing through a harsh budget which ordinarily would have had a difficult time gaining acceptance.

(5) Success prospects

Although it is too early to judge the success of the budget, a few issues that could influence it need to be stressed. The budget's success would appear to depend on:

(i) the validity of the oil price assumption of $20 per barrel and the production target of 1.1 million barrels per day, on which the revenue projection of the budget was based. The global oil market price is sliding fast at the time of writing - hovering around $15 per barrel. If this trend continues, it might spell a serious dislocation for the fulfilment of the budgetary targets. Since, however, the budget has built-in mechanisms for self-adjustment such as the provision for a surplus of about N4 billion and the requirement that foreign exchange be disbursed on a quarterly basis, it is possible that some flexible adjustments can be made to offset loss of revenue arising from adverse developments in the global oil market;

(ii) the success and speed of implementation of the programmes. If adequate implementation and monitoring machinery are in place to pursue most of the structural programmes, it should be possible to attain some of the goals. Various implementation machineries are now being organised; but it must be noted that the two assumptions on which the success of the budget depends are related to a large extent.

Overview of Ghana

1.5 Agriculture

Agriculture, like in most African countries, occupies a key position in Ghana. By 1960, for instance, Ghanaian agriculture accounted for over 62 per cent of its employed labour force, declining to 54 per cent by 1970 for reasons to be shown later. Ghana in the late 1950s and early 1960s held top position in the global production of cocoa - the main export crop. The general condition of agriculture was reasonably healthy, and food production was adequate for the population before the mid-sixties.

The ideological slant of Nkrumah's socialism, which resulted in haphazard collectivisation of agriculture through setting up of United Ghana's Farmers' Council and the push towards "white elephant" import-substitution industrialisation, set the stage for crises in Ghanaian agriculture.

The production of cocoa, the main export crop, now remains a mee shadow of its former self. In the mid-sixties the output of cocoa reached a peak of 571,210 tonnes, and has since persistently declined to 179,000 tonnes during the 1982/83 crop year.

The production of staple food items has also been on the decline in recent years, as shown in table 1.7. It is clear from this table that the production of food staples like cereals, starch, vegetables and fruits had fallen substantially in 1982 from their 1974 levels. Starchy staples for instance had fallen from 7.8 million metric tonnes in 1974 to about 4.4 million metric tonnes in 1982. Fruits which stood at 193,000 metric tonnes in 1974 had drastically fallen to 21,000 tonnes in 1979.

The dwindling domestic supplies had to be supplemented through importation but this has seriously been constrained by shortages of foreign exchange. Statistics on the importation of rice and maize show a drop of import quantum from 101,206 metric tonnes in 1977 to about 39,637 metric tonnes in 1982 (Ewusi et al., 1982, p. 72).

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Table 1.7: Production of staple foods in Ghana, 1974-82
('000 metric tons)

	Year								
	1974	1975	1976	1977	1978	1979	1980	1981	1982
1. Cereals (maize, sorghum, millet and rice)	890.1	671.5	689.0	639.0	540.0	780.0	674.0	725.0	555.5
2. Starchy staples (cassava, plantain, yam and cocoyam)	7 989.1	5 462.3	4 423.0	3 995.0	4 105.0	3 927.0	4 349.0	4 116.0	4 431.0
3. Vegetables (tomatoes, pepper, okro and garden eggs)	733.6	396.3	347.0	283.0	287.0	339.0	n.a.	n.a.	n.a.
4. Fruits (oranges, pineapples and bananas)	193.0	173.5	86.0	28.0	30.0	21.0	n.a.	n.a.	n.a.

n.a. = not available.

Sources: From files of the Economic Research and Planning Service, Ministry of Agriculture, Accra, Ghana.

See also CBS, Economic Survey, 1977-80, p. 38.

From the perspectives of this study, the following summary of problems characterising Ghanaian agriculture are pertinent:

1. Continuous decline in the producer prices of cocoa. Ewusi (1984, p. 12) has for instance shown that the index of producer prices of Ghanaian cocoa using 1960-63 as a base rose from 83 in 1965 to 297 in 1976, while it rose from 85 to 342 in the Ivory Coast during the same period. This substantial price differential (averaging about 24 per cent in eight years) accounts for the increasing smuggling of cocoa from Ghana to the neighbouring Ivory Coast. When it is additionally noted (i) that cocoa farmers are heavily taxed as reflected by the margin between export and producer prices, which rose from an average index of 189.0 in 1950-60 to 446.2 between 1966-76, and (ii) that the rapid domestic inflation and the overvalued currency reduced the real returns to cocoa farmers, it is easy to appreciate that cocoa farmers have not had an equitable deal.
2. By the mid-1960s, expansion of cocoa farms into new areas had ceased and this limited the expansion of employment based on cocoa production. Large-scale food farms emerged to replace cocoa farm expansion. However, with the notable exception of the large-scale farms which contributed 33 per cent of the national rice output, their impact on food production has been minimal.
3. Pressure of population on land has reduced the traditional fallow time of about ten years in the 1960s to about three years for small farmers who now contribute over 80 per cent of the national food needs.
4. The series of official subsidies given to agriculture, like subsidised credit for tractors and fertilisers as well as the rise in the cost of labour inputs through official policies like the required contribution to social security schemes for employers of farm labour, have artificially raised the price of labour vis-à-vis capital in Ghana (Ewusi et al., 1983, p. 90). This has encouraged the use of more capital-intensive methods in agriculture with a resultant labour redundancy. Such surplus labour migrate to towns to swell the number of the unemployed.

It seems clear that even if the external marketing environment were consistently favourable for agricultural products, the internal policies and constraints are decisive in determining the equity and employment opportunities citizens would derive from participation in agricultural activities. We reserve the analysis of policy options to section 4.

1.6 Manufacturing

Following the immediate post-war trend in development thinking, Dr. Nkrumah, the first President of independent Ghana, equated industrialisation with development. Hence he deduced that, if Ghana were to develop, she must industrialise. This thinking influenced the policy choices toward those that could bring about industrialisation as soon as possible. Heavy investments on infrastructure like the Akosombo dam, a modern artificial harbour at Tema, etc. were undertaken. Mechanisation of agriculture was planned on a massive scale and an import substitution strategy was to be the main thrust of development.

The cumulative effect of an adverse economic environment and wrong-headed industrial policies in the 1960s and 1970s did not allow the industrial sector the much-needed dynamic growth impulse. The contribution of manufacturing industry to the GDP stood at C735.9 million (or 13.9 per cent) in 1975, but by 1982 it had fallen to C369.0 (or 7.46 per cent).

The following have been the salient characteristics of the Ghanaian manufacturing sector:

1. Declining output trend since 1975. Table 1.8 below shows that the outputs of most industrial product groups have been on the decline. As this table clearly demonstrates, between 1975 and 1981, industrial items like cement declined from 666,300 tonnes to 396,000 tonnes, sugar slipped from 11,347 tonnes to 1,542 tonnes, cloth fell from 121.2 million metres to 30.5 million metres, and milk dropped from 37.8 million litres to 15.9 million litres, and so on.
2. Capacity utilisation has correspondingly fallen. It has been estimated that most Ghanaian manufacturing plants operate at less than 25 per cent of installed capacity (Ewusi, 1982, p. 12). This is attributed to the drastic shortfall in imports of raw materials, spare parts and machinery. It must be noted here that this shortfall is a direct consequence of the collapse in the external cocoa market, the main foreign exchange earner for Ghana.
3. Most Ghanaian industries were overprotected. Leith, for instance, has calculated that the effective protection rate of Ghanaian industries varied between 246 per cent and 116,993 per cent (Killick, 1980, p. 202). Protectionism favoured capital-intensive industries with few linkages to other sectors.
4. The failure of Ghanaian agriculture particularly affected industrialisation in at least three adverse ways:
   (i) by an increase in relative food prices which tended to undermine the demand for industrial goods through gross income effects;

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Table 1.8: Ghana: production of some selected important manufactured commodities, 1975-81

Item	Unit of quantity	1975	1976	1977	1978	1979	1980	1981
1. Milk - reconstituted	Million litres	37.8	51.8	40.1	39.9	34.4	14.3	15.9
2. Ice cream	Thousand litres	92.7	1 466	2 580	2 905	2 101	2 053	2 106
3. Milo	Tonnes	1 425	2 026	2 776	1 747	1 845	1 211	969
4. Wheat flour	Tonnes	63 204	67 626	74 177	81 594	92 960	91 752	73 245
5. Sugar	Tonnes	11 347	12 140	11 772	6 966	5 787	4 014	1 542
6. Cocoa butter	Tonnes	17 610	19 568	17 027	13 994	11 796	14 759	9 928
7. Cocoa liquor	Tonnes	3 368	3 202	3 325	3 860	4 511	5 319	2 776
8. Cocoa cake	Tonnes	22 325	22 798	19 890	15 463	10 357	17 646	10 775
9. Beer	Million litres	63.3	77.5	71.8	49.6	45.1	44.5	52.7
10. Soft drinks	Thousand crates	2 167	2 811	1 814	2 229	1 847	1 362	1 459.1
11. Cigarettes	Millions	2 339	3 121	3 219	2 095	1 666	2 028	1 611
12. Cloth	Million metres	121.3	102.9	94.4	88.1	66.0	36.5	30.5
13. Margarine	Tonnes	2 613	3 298	1 399	1 284	766	935	1 271
14. Toilet soap	Tonnes	2 746	2 581	2 109	1 050	1 319	1 059	1 019
15. Toothpaste	Tonnes	236	279	275	89	181	98	227
16. Petrol	Thousand tonnes	252.8	260.0	264.3	268.7	227.6	245.7	252.6
17. Kerosene	Thousand tonnes	99.6	98.1	111.3	126.3	123.6	119.5	130.7
18. Diesel and gas oil	Thousand tonnes	345.6	353.3	322.9	311.8	283.1	283.2	296.2
19. Cement	Thousand tonnes	666.3	678.5	565.1	498.1	247.8	294.3	396
20. Iron rods	Tonnes	2 865	6 148	7 280	2 863	3 757	5 378	5 084

Source: Central Bureau of Statistics (CBS), Quarterly Digest of Statistics, Accra, Ghana, Sep. 1982, p. 9.

(ii) through an inability to supply local raw materials for the production of some items whose raw materials could have been procured locally; and

(iii) through some policy mistakes in agriculture, like mechanisation and jettisoning of the traditional small-scale approach.

5. Poor investment decisions were a direct product of poorly informed or misinformed investment analysis. This problem, for instance, led to a situation in which a mango-processing factory had an installed capacity several times the size of total world trade in canned mangoes, and a sheet-glass factory in excess of domestic market was built (Killick, 1980, p. 199).

In sum, therefore, the industrialisation efforts have been characterised by declining output and growing excess capacity, so could not have had the significant impact on employment that would have been expected. Failure to achieve backward integration with the rest of the economy is suggestive of the existence of industrial enclaves which would not have promoted the cause of equity.

1.7 External sector

An examination of Ghana's external sector shows that agriculture and foreign trade are interdependent and their effects have been mutually recursive. The indirect way in which the agricultural sector contributed to the growth of the economy in the sixties was through the provision of foreign exchange needed to acquire investment goods. The required foreign exchange was earned through the export of agricultural products, mainly cocoa and timber. It was the considerable increase in cocoa and other agricultural output in the fifties and sixties that made possible the rapid growth in GDP during these periods by:

(i) contributing directly to output and employment; and

(ii) indirectly, as a source of foreign exchange and savings and hence investment.

The earnings from agricultural products, particularly cocoa beans and its products, as well as minerals like gold, diamond, manganese ore, etc., allowed the accumulation of a foreign exchange reserve to Ghana that was equivalent to 129 per cent of imports in 1960. Unfortunately, since 1960, the earnings from Ghanaian exports have been declining at a much faster rate than imports, thereby forcing the country to draw down its reserves. In 1970, for example, Ghana's foreign exchange reserves were so low that they could only finance 11.5 per cent of total imports; however, in 1983, they stood at $291 million, which was equivalent to 35.8 per cent, or about four months, of her import needs (World Bank, 1985, p. 200).

The decline in Ghana's foreign reserves was not due to increases in imports but rather due to the slow growth of export quantum. Exports which formed an annual average of about 31 per cent of GDP during the 1950-60 period declined to about 21 per cent in the 1960-72 era. By the latest estimates they had declined to 8 per cent and 1.4 per cent in 1977 and 1983 respectively. The estimates also showed that while export volume grew at an annual average of 3.5 per cent during the 1965-73 period, it declined at the rate of 6.4 per cent per annum during the 1973-84 decade.

Imports, on the other hand, declined at an average rate of 3.3 per cent during the 1965-73 period, thereby creating some marginal surplus in Ghana's balance of trade and less pressure on her foreign reserves. But this was short-lived as imports continued to decline at an average rate of 5 per cent per annum during the 1973-84 period, slower than the decline in exports. It was regarded as a very unhealthy phenomenon in Ghana's history and she had to resort to external loans as well as run down her foreign exchange reserves in order to forestall a much greater decline in the level of imports.

Apart from declines in volume of exports as shown above, the variable and often adverse terms of trade against Ghana's primary products was another factor that limited the country's ability to earn enough foreign exchange consistently to pay for imports. The terms of trade have worsened since 1970. Available information showed that they were 69 in 1981 and 63 in 1983, using 1980 as the base year (World Bank, 1985, p. 190).

It has also been observed that the serious foreign exchange constraint in Ghana, particularly since the last decade, was partly caused by the poor performance of her domestic agricultural sector.

There was a significant decline in cocoa production, which has normally, since 1965, provided two-thirds of the nation's foreign exchange earnings (Ewusi, 1984). The decline in cocoa production is, however, affected by the situation in the agricultural sector as a whole, whose productivity depends on the availability of imported inputs such as insecticides, fertilisers and agricultural machinery.

An examination of the Ghanaian economy has shown that it is characterised by instability caused mainly by vagaries of domestic weather, fluctuations in prices of primary products and other external demand shocks. The high concentration of exports on a few commodities is another factor contributing to this instability. Cocoa, for example, currently accounts for almost 67 per cent of the value of total exports, as mentioned earlier. Thus a downward trend in the price of cocoa on the world market will adversely affect expected foreign exchange earnings and hence government revenue, as about 30 per cent of government revenue on the average derives from cocoa; and, given that Ghana's Development Plans are always based on expected income arising from expected foreign exchange earnings, a minor adverse fluctuation in the cocoa price has always disrupted the country's entire Development Plan.

(a) Miscellaneous exports

Timber, which was another significant export of Ghana, has over the years continued to suffer from depressed demand in the country's traditional markets in Western Europe, and export earnings from that commodity have shown a consistent slight downward trend. Its foreign exchange earnings fell from C106 million in 1974 to C99 million in 1981 and the estimate for 1984 is about C90 million.

The mining sector has shown some marked improvement in terms of its contribution to foreign exchange earnings. The value of gold exports, for instance, rose from C109.8 million in 1974 to C522.9 million in 1980 before declining to C435.5 million in 1981.

The other major minerals, manganese ore and diamonds, followed the same trend as gold. The foreign exchange earnings of manganese rose from C10.5 million in 1974 to C29.2 million in 1979 before declining to C21.9 million in 1981. Similarly, diamond exports rose from C14.6 million in 1974 to a peak of C30.1 million in 1979 before declining to C22.6 million in 1981 (see table 4 of Appendix I). The post-1980 experience had been one of continuous decline in volume and earnings of these minerals. A result of the decline in export earnings of the agricultural and mining sectors since the early seventies has been a reduction in employment and earnings of workers in these sectors.

(b) External debts and balance of payments (BOP)

As a result of the poor performance of Ghana's exports and the necessity for her to import basic raw materials and machinery for her industry, she has been accumulating current account deficits, especially since 1970. The current account deficit was $68 million in 1970, $209 million in 1981, and $218 million in 1983 (World Bank, 1983, p. 174, and 1985, p. 200). To meet these deficits, Ghana had to resort to external loans. Consequently, her external public debt rose from $489 million in 1970 to $1,095 million in 1983, which is about 28.3 per cent of her GNP.

The gross inflow of public and publicly guaranteed external capital rose from $40 million to a peak of $117 million between 1970 and 1981 before falling to $72 million in 1983. Net inflow of external capital followed the same trend. It increased from $28 million on $66 million in 1981 and thereafter declined to $30 million in 1983. The situation in respect of net direct private investment is even more pathetic, for it declined from $68 million in 1970 to $12 million in 1978, and as at 1983 there was recorded capital flight or disinvestment of $6 million.

Given the substantial increase in external indebtedness, debt service rose from $24 million in 1970 to a peak of $78 million in 1981 before declining to $72 million in 1983. As a result of the decline in Ghana's export earnings, her debt service ratio rose from 5 per cent in 1970 to 14.2 per cent in 1983 (World Bank, 1985, p. 204).

(c) Balance of payments (BOP) crisis

The experience of Ghana since the early sixties shows that there has been considerable pressure on her balance of payments. The current account balance, basic balance, liquidity balance and official balance have been in deficit thereby indicating a persisting fundamental disequilibrium in Ghana's balance of payments (Ewusi, 1984 (b), p. 467). The devaluation in 1967 unfortunately did not change any of the overall balances into positive ones.

In the seventies, the various balances oscillated, with the liquidity and official settlements balances being more volatile. This implies that the inflow of long-term capital did not offset the trends in the current account. Thus, like the sixties, the seventies also experienced persistent deficits which reached an unprecedented level of C202.4 million in 1971. The Busia Government's trade liberalisation policy led to a spurt of demand for imports that created a foreign exchange crisis, and as a result there was an 80 per cent devaluation in 1972.

Even though the devaluation of 1972 might not have had a sustained positive effect on BOP, information available showed that it had temporary beneficial effects since the balances were all positive in 1972 and 1973. The deficits kept building up thereafter until 1978. And again as a result of the cumulative effects of deficits, there was a devaluation in 1978 which led to some surplus in 1979 and 1980. Thus, the seventies were also marked by deficits punctuated only by the intermediate after-effects of devaluation. Although Ghana had incurred external debts of a relatively high magnitude since 1964, their effect had not been felt within the economy. A possible explanation for this is that the loans had short maturing periods of three to six years and that most of the medium-term loans were utilised for investments with long gestation periods.

1.8 Budget trends and the IMF package

(a) Government revenue and expenditure

The Central Government revenue comprises earnings from taxes (direct and indirect), fines, penalties and forfeitures, sales of goods and services, fees and charges, rent of government lands, buildings and houses, interest and profits, etc. While government expenditure embraces expenditure on general services (including defence), community services, social services and economic services (see table 1.9).

The composition of government revenue and expenditure reflects to a great extent the structure of the Ghanaian economy during the last fourteen years. Total government revenue, for example, rose from C435.4 million in 1971/72 to C22,583.8 million in 1984. Before the 1976/77 fiscal year, government revenue was under C820 million and thereafter it exceeded C1 billion (see table 1.10). The radical change in the nominal monetary value of government revenue is mainly due to the devaluation of the cedis. The real value of government revenue may have been declining over time when account is taken of the series of devaluations and inflation that have occurred in the economy.

There has been a corresponding increase in government expenditure over the years. Total government expenditure, which is the sum of recurrent and development (capital) expenditure, rose gradually from C534.5 million in 1971/72 to C738.5 million in 1973/4 before attaining the C1 billion mark in 1974/75. The subsequent two years witnessed a rather gradual increase in expenditure until 1977/78 when it escalated to C3,017.6 million. Since then, government expenditure has shown a continuous upward trend to the extent that in 1983 and 1984 it rose to C15,763.5 million and C26,871.5 million respectively (see table 1.10).

Interestingly, as government expenditure continued to increase, so also did the level of the total budget deficit. The deficit continued to grow at an unprecedented rate after 1976/77 and became more problematic and unmanageable in 1980/81 when it climbed to C4,440.2 million compared to C1,645.4 million in 1979/80, thereby representing an increase of 170 per cent.

The huge deficit in 1980/81 according to Ewusi (1982, p. 23) was mainly attributed to the upward adjustment in the minimum wage from C4.00 per day to C12.00 per day in November 1980, and and also to the sharp fall in revenue accruing from the cocoa export duty as a result of the low world price of cocoa and the unrealistic exchange rate.

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Table 1.9: Ghana: total recurrent and development expenditures functional classification
(C 'million)

	1978-79	1979-80*	1980-81[1]	1981-82[1]	1982[2]
A. General services					
General administration	500.3	656.2	1 358.3	1 068.8	1 322.9
Defence	224.5	174.8	488.1	587.3	463.8
	(5.5)	(3.7)	(6.3)	(6.6)	(4.7)
Justice and police	182.9	191.1	268.7	329.2	337.2
	(4.5)	(4.1)	(3.5)	(3.7)	(3.4)
Total	907.7	1 022.1	2 115.1	1 985.3	2 123.9
	(22.2)	(21.9)	(27.4)	(22.4)	(21.7)
B. Community services					
Roads and waterways	201.5	185.8	380.0	340.7	384.7
Fire protection, water supply and sanitation	70.8	74.9	128.6	119.8	99.8
Other community services	50.1	62.1	108.6	99.9	94.4
Total	322.4	322.8	617.2	560.4	578.9
	(7.9)	(6.9)	(8.0)	(6.3)	(5.9)
C. Social services					
Education	930.8	1 025.6	1 318.9	1 778.6	1 793.8
	(22.7)	(22.0)	(17.1)	(20.1)	(18.3)
Health	352.4	325.2	492.8	549.5	538.7
	(8.6)	(7.0)	(6.4)	(6.2)	(5.5)
Social security and special welfare services	133.1	243.5	384.3	321.4	744.2
Other social services	91.3	59.2	169.0	104.7	81.8
Total	1 527.6	1 653.5	2 364.9	2 754.2	3 158.5
	(37.3)	(35.4)	(30.6)	(31.1)	(32.3)
D. Economic services					
Agriculture and non-mineral resources	475.9	571.1	941.6	969.5	962.5
Fuel and power	12.0	4.5	14.3	14.4	3.4
Other mineral resources, manufacturing and construction	103.3	103.0	163.4	151.6	125.7
Transport, storage and communication	91.6	93.1	244.4	151.3	120.6
Other economic services	11.9	9.5	12.4	5.4	4.6
Total	694.7	781.2	1 376.1	1 292.2	1 216.7
	(17.0)	(16.7)	(17.8)	(14.6)	(12.4)
E. Unallocable expenditure	641.8	891.9	1 246.2	2 251.8	2 700.1
Grand total	4 094.2	4 671.5	7 719.5	8 843.9	9 778.1

[1] Provisional, subject to further revision.
[2] Calendar year: provisional.
( ) Expressed as percentage of the grand total.

Source: Republic of Ghana Quarterly Digest of Statistics, Sep. 1984.

Table 1.10: Ghana: summary of central government finance

Year	Revenue	Expenditure			Total budget deficit (-) (C million)
		Recurrent(a)	Development	Total	
1971-72	435.4	430.7	103.8	534.5	-99.1
1972-73	391.7	449.1	96.0	545.1	-153.4
1973-74	583.6	569.2	169.3	738.5	-154.9
1974-75	804.8	875.4	286.1	1 161.5	-356.7
1975-76	814.8	997.4	441.2	1 438.6	-623.8
1976-77	1 074.6	1 308.0	637.2	1 945.2	-870.6
1977-78	1 539.1	2 322.2	695.4	3 017.6	-1 478.5
1978-79	2 187.8	3 334.5	759.8	4 094.3	-1 906.5
1979-80*	3 026.1	4 076.8	594.7	4 671.5	-1 645.4
1989-81*	3 279.1	6 329.3	1 390.0	7 719.3	-4 440.2
1981-82*	4 545.0	7 917.0	927.0	8 844.0	-4 299.0
1982*	4 642.5	8 842.1	936.0	9 778.1	-5 135.6
1983*	11 253.7	14 408.8	1 354.7	15 763.5	-4 509.8
1984**	22 583.8	22 297.8	4 573.7	26 871.5	-4 287.7

(a) Portion of loan repayment is included for the years up to 1974-75.
* Preliminary actuals, subject to further revision.
** Budget estimates.

Source: Republic of Ghana Quarterly Digest of Statistics, Sep. 1984.

The following year, 1981/82, did not experience any significant change in the government budget deficit: it declined by only 3.2 per cent, from C4,440.2 million to C4,299 million. However, calendar year 1982 witnessed the highest government budget deficit in Ghana's history - C5,135.6 million. Before 1982, the Central Bank had been financing about 80 per cent of the deficit (as against an estimated 25 per cent), while the remaining 20 per cent was financed by domestic commercial banks and other financial institutions such as the Social Security and National Insurance Trust.

The unprecedented increase in the deficit at the end of 1982 coupled with increased external indebtedness created panic in government circles as well as within the Central Bank and the financial institutions, and consequently the government had to invite the IMF to Ghana to design and implement an Economic Recovery Programme in 1983.

The Economic Recovery Programme designed by the IMF requires the country to implement certain economic policies for restructuring the economy which are essentially identical to those mentioned for Nigeria earlier (see section 1.4.1). The immediate impact of implementing part of this policy package, apart from the availability of foreign exchange provided by the IMF for Ghana, was the reduction in the budget deficit for 1983 and 1984 to C4,509.8 million and C4,287.7 million respectively (see table 1.10). The overall effects of the IMF policy package for Ghana are evaluated below.

(b) IMF and Ghana

Although it is too early to assess the full impact of the IMF restructuring programme, available information (Mohammed, 1985), for example, points up the following:

(i) The liquidity problem

The liquidity problem in Ghana has become a matter of serious concern to bankers and economists alike. There is the outcry of lack of liquidity raised not only by the unemployed and the proverbially ill-paid workers but also by the affluent business community.

The main problem with the business community as at the end of 1985 was that there was a high level of inventory accumulation arising from lack of effective demand for their goods. The cause of this is that consumers do not have the money to purchase the finished goods. In the words of Mohammed, Deputy Governor of the Central Bank of Ghana (1985), "... it is also true that in terms of the actual goods and services that we obtain for the increased spending, money does not stretch far these days. Unlike in the past when consumers had to chase and queue for commodities, we have with us today a situation where goods are in abundant supply but the consumer apparently does not have the wherewithal. Consequently there is a decline in effective demand".

The banks are also facing a liquidity crunch; for instance, they have been confronted by customers demanding much greater loan facilities as a result of currency readjustment and the high rate of inflation. But unfortunately not many of the qualified customers obtained the required loan facilities due to the tight credit ceilings imposed as part of the IMF conditionalities.

The major cause of the current liquidity crisis is no doubt related to the IMF economic recovery policy package. In efforts to meet the IMF conditionalities, many people have been retrenched or retired from government services, thereby increasing the number of people unemployed and hence reducing their purchasing power. Furthermore, many prices of goods and services were deregulated while subsidies were reduced on some basic commodities whose prices had been subsidised for social-welfare considerations.

Similarly, the country's currency which was being exchanged at the rate of C2.75 to US$1 in 1983 and which most people agreed was overvalued was devalued at the request of the IMF to C60 for US$1, which implied a depreciation rate of 2,182 per cent against the dollar between 1983 and mid-1985. This massive adjustment in the exchange rate of the Cedi since 1983 has led to hyperinflation in the economy.

This development brought in its wake a clamour by workers for increased pay, but increases in wages and salaries granted within the confines of the macro-economic objective of the IMF Economic Recovery Programme were insufficient to compensate workers fully for the decline in real incomes. The decline in real incomes underlines and gives credence to the existence of liquidity problems as people's incomes could not purchase their basic needs.

(ii) Effects on employment

Another aftermath of the IMF policy package arose from the government measures to reduce the fiscal budget deficit which in the previous three years had increased to unacceptable levels. This unavoidably entailed a reduction in government spending which deprived many businesses of lucrative government contracts. This also resulted in retrenchment of workers not only in government or public service but in other (private) businesses, thereby increasing the number and ranks of the unemployed. With increasing numbers of people unemployed, total effective demand in the economy took a further plunge.

(iii) Effects on income distribution (equity)

The other impact of the IMF Economic Recovery Programme relates to the effects of inflation on the distribution of income and wealth. Normally one could expect small-scale and weaker businesses to fold up or be absorbed by bigger and stronger establishments under a hyperinflationary situation since the larger businesses have resources to finance the much higher outlays required to operate under this situation.

However, in the case of Ghana, the bigger establishments are neither financing higher outlays nor displacing smaller ones since they have not been able to obtain the required loan facilities from the banks, and also because liquidity had been trapped in the hands of a few rich people.

It seems that Ghana is poised for a further increase in inflation and worsening of the liquidity, employment and equity problems. As at December 1985, for instance, the Cedi was devalued to C90 for US1 and, with the downward flexibility of the Cedi not having reached the final resting place, it is likely that local costs of production will keep rising.

The Economic Recovery Programme lays emphasis on the export sector with particular attention to gold mining as a major source of foreign exchange earnings. It also hopes to revitalise the exploitation of primary products like cocoa and timber. However, there is a time lag of two to five years for some of the primary products to reach the market, and one wonders whether enough attention has been paid to the transport sector which one could argue should be the linchpin of the whole programme.

Despite the shortcomings in the Economic Recovery Programme, it seems that the lasting solution for Ghana's economic problems lies in increased production in every sector of the economy. This means hard work and honest and efficient management in both public and private sectors of the economy.

SECTION 2

EMPLOYMENT AND EQUITY ANALYSIS

2.1 Concepts of equity and employment

Since the terms "equity" and "employment" form the linchpins of this study, some brief clarifications of these concepts in the context of our usage and analysis are in order. The emphasis on equity and employment in development thinking comes as a natural response to over two decades of growth experience that has disappointingly failed to reduce unempoloyment, inequality and poverty in the LDCs.

Equity

Although equity is a value-laden, hence controversial, concept, economists have identified some varieties of it which are of operational significance (Thurow, 1975, p. 23).

Equity can be considered achieved in at least one or a combination of the following three senses:

(i) If the economic rules of the game are fair such that everybody has an equal chance of winning. To achieve these fair rules requires that economic opportunities be equalised. This is the principle of horizontal equity which assumes that equals should be treated equally. The problem here is that, while commutative equality might be claimed for individuals and sovereign nations, the facts of economic inequality attributable to unequal distribution of endowments are very real.

(ii) If distribution is based on merit (marginal productivity), then each person should be rewarded in accordance with his or her contribution to the total output. The practical problem of equity here arises from the difficulty of separating out what each person produced in a multifactor production situation. Nevertheless, this normative principle emphasises the need to underscore meritocracy if efficiency is to be encouraged. The marginal productivity principle is a variant of the so-called vertical principle of equity in which unequals are treated unequally.

(iii) If the distribution maximises the welfare of the least advantaged (poorest) members of the society. This is based on the so-called Rawlsian principle (John Rawls, 1971). Following Rawlsianism, the distribution of economic assets should ensure the maximisation of the minimum (maximin) of income and assets to guarantee the absolute minimum quantum for the poor.

Although the above three variants of equity are controversial, and in some cases conflicting, we shall use them as operational guide-lines for rationalising some distributional patterns to be analysed in subsequent sections.

Employment

The Keynesian concept of employment refers to a productive engagement or optimal utilisation of people able and willing to work at a given wage rate. By implication, therefore, open unemployment suggests involuntary unemployment of people able and willing to work. An unmodified application of this concept for the analysis and measurement of unemployment problems of African countries like Nigeria and Ghana, however, would be rather restrictive and hence would fail to capture the wide phenomenon of labour underutilisation characterising the labour force.

Following Meier (1984, pp. 196-197), it seems more meaningful to apply the concept of "unemployment equivalent" for analysing the peculiar cases of Nigeria and Ghana. "Unemployment equivalent" is the sum of those in open unemployment and different equivalences of underemployed labour (ibid., p. 197). These various categories include:

(i) open unemployment of both voluntary and involuntary varieties;

(ii) the underemployed - those working less than they would have liked to work;

(iii) the visibly active but underutilised - those who find alternative engagements to "kill or mark time" rather than stay unemployed or underemployed;

(iv) disguised underemployed who work full time on jobs that require fewer people, as when an office is overmanned;

(v) the hidden unemployed who take to a last-resort "work" like housework or enrolling in higher education to upgrade their skills;

(vi) the prematurely retired who are forced to leave work or service on grounds of age in order to make room for those below them.

The recognition of unemployment equivalents allows a broader policy perspective to be developed to deal with the unique problems of unemployment. It also highlights the close link that exists between various gradations of unemployment and inequality (poverty).

Some aspects of the relationship between growth, equity and unemployment need some clarification before we end this section. These may be noted as follows:

First, the meritocratic approach to equity, which has the additional merit of enhancing growth via efficiency, can offend the Rawlsian principle of equity if it results in worsening the condition of the poor, especially through further unemployment as a result of minimum wage imposition (disemployment) (see 2.2.4 below).

Second, economic or non-economic road-blocks to employment-oriented growth indirectly offend equity since, by definition, access to meeting the essentials of life is blocked. Such blocks can be external or internal, as we shall see.

Third, deprivation of the unemployables - children, the handicapped and the aged - can be worsened if a judicious programme or resource transfer is not built into a development policy.

Fourth, equity in development requires a thorough investigation of the background of the poor and of why these features persist. Appropriate solutions are likely to be unique in respect of each circumstance.

And last, the problems of quantifying equity in any of the senses outlined above will necessitate the use of appropriate proxies if any operational progress is to be made. These proxies will be discussed as we examine the profiles of equity and employment in this section.

Nigeria

2.2 Equity

The focus of attention here will be on personal as well as spatial distribution of income and assets.

Nigeria, like most other developing countries, lacks a comprehensive study of income distribution as a basis for assessing equity through time. In the absence of such a comprehensive data set, we shall use all available indices to show the extent to which income distribution has progressed in the last 20 years covered by this study.

2.2.1 Personal income distribution

A few studies that shed light on personal income distribution are based on public sector data. But this is not necessarily problematic since the public sector in Nigeria is not only the largest employer of labour in the modern sector but also the main propeller of the private sector in terms of both contract awards and patronage of private-sector-produced goods and services. The following is the relevant evidence.

(1) Salary and wage reviews

The major post-independence salary and wage review commissions set up in Nigeria include the Morgan Commission (1963), Elwood (1966), Adebo (1971), Udoji (1974), Williams (1975) and Cookey (1977). These commissions have often been assigned the duty of reviewing salaries to reflect the cost of living as well as harmonise the public-private sector wage differentials to enable the former to attract and keep the much-needed executive manpower. The goal of closing the wage gap between the low-income and high-income earners has never appeared as an explicit item in the terms of reference. This issue was, however, indirectly addressed by the Williams and Williams Commission and subsequent governmental directives. Before the Udoji (1975) Commission, the wage gap between the lowest-paid and highest-paid worker was over 1:20. Since 1975, this ratio has gradually been reduced, as shown in table 2.1.

Table 2.1: Minimum wage in Nigerian public services and ratio between the highest and lowest wages, 1975-81

Wage regime	Proportion of highest to lowest	Average minimum level per annum (N)
1975: Williams & Williams	18.2	792
1979: Adjustment by military government	13.9	1 038
1980: Adjustment by civilian regime	9.74	1 512
1981: Industrial arbitration tribunal award	9.50	1 572

Note: Per cent increase 1975-81 = 92 per cent.

As table 2.1 shows, successive increases from the bottom scales have reduced the ratio from 1:18.2 in 1975 to 1:9.50 in 1981. Between 1975 and 1981, a period of five years, the minimum wage has increased by about 92 per cent. This shows that there has been a relative improvement in the income distribution towards the low-wage workers who make up about 80 per cent of the public service. However, this apparent improvement may be qualified by the consideration that only nominal income rather than total income is considered. It is indeed possible that the distributional inequality might have been worsening as the following evidence shows.

(2) In a study of the income distribution pattern in the Federal Public Service between 1972 and 1977, Anusionwu (1983, p. 331) has shown that when adjustments are made for official allowances and fringe benefits, the share of income going to the top 5 per cent increased from 17.5 per cent in 1972/73 to 25.25 per cent in 1977. The fringe-benefit-adjusted Gini index of concentration calculated by Anusionwu rises from 0.4 to 0.52 in this case. It seems apparent that the nominal gains made by the poor were in fact not translated into real gains, at least in relative terms.

(3) In another study, by Ndiomu and Eronini (1975), income inequality between economic and occupational groups was assessed between 1970 and 1972. They found that distributional inequality was most pronounced in the manufacturing sector (with a Gini coefficient of 0.69), while it was least pronounced in agriculture, forestry and fishing (where the Gini coefficient averaged 0.59 for the three years). For occupational groups, the same study found that greater distributional inequality exists amongst professional and administrative groups (with a Gini index of 0.6), while the lower cadre in the public service have a much reduced Gini index (0.4). Although these findings were based on data gathered around the turn of the last decade, they are suggestive of the low level of equity in the country.

(4) The minimum wage factor

In keeping with the 1979 Federal Constitution of Nigeria, a minimum wage law was passed in 1981. This brought the minimum wage to N125 per month. A preliminary investigation of the impact of this minimum wage elsewhere (Umo, 1985) has shown that it led to unemployment, disemployment and a reduction in the fringe benefits of the low-income workers. Since the minimum wage increased from N60 in 1975 to N125 in 1981, while the general price index (1975 = 100) was 263.1 in 1981, it is clear that the workers were worse off in real terms.

As was shown earlier (section 2.2.1), the worsening distributional inequality in personal income in Nigeria can be attributed to two main factors - both of which are located domestically.

First, there is the inequalising impact of higher education. In an econometric investigation of the income distributional implications of human capital formation in Nigeria by Umoi (1977), it has been shown that investment in higher education explains about 75 per cent of relative inequality and the rest could be explained by assets. This is attributed to the fact that higher education is almost 100 per cent subsidised by the Government and the advantageous position of higher education recipients in the employment structure of the economy. This has enabled them to take advantage of the dynamic shifts in the Nigerian economy in the last decade.

And second, there seems to be an apparent absence of the political will to remove institutional obstacles towards greater equity in the country. This reluctance is sometimes traced to the presence of vested interests on the part of political, military and bureaucratic elites. As Anusionwu (1983) pointedly observes, the elites "who want to maintain the status quo manipulate the [wage] panels, either through the terms of reference issued for the assignment or by implementing only the aspects of recommendations favourable to them". Indeed, this same attitude explains why the study of income distribution is not given the priority it deserves in the national research agenda.

2.2.2 The basic needs indicators of inequality in Nigeria

The Gini index of inequality is conceptually and operationally deficient since it is silent on the character and location of the deprived people it is expected to measure. Its concentration on percentile measures actually masks the fact that absolute poverty can be consistent with a low Gini index. If the elimination or drastic reduction of absolute poverty is accepted as a development goal, then the focus of measurement and policy must be on the basic needs approach (BNA).

As Streeten (1981, p. 8) has correctly stressed, BNA sheds important new light on narrowing the gap between the rich and the poor by stressing the need to focus efforts on solving a feasible problem - that of absolute poverty while avoiding an elusive problem - that of tackling relative poverty.

With this perspective, the provision of basic needs which include food, health, education, water supply, sanitation and shelter in Nigeria will be examined with some indicators or proxies.

1. Budgetary or plan allocation to basic needs, 1981-85

Although planned budgetary allocation *per se* is not a reliable indicator of actual fulfilment, it can be relied upon as an index of official commitment to a particular goal. A glance at table 2.2 will show the extent of Nigeria's budgetary commitment on basic needs for the 1981-85 Planning Period.

As the 1981-85 Plan still had two years to run its course when the above statistics were published, it will suffice to regard 60 per cent of disbursed allocations as reasonable. Deviations from this can easily be accounted for by events that were observed in the economy during the period.

As column 9 of table 2.2 shows, there was a general underfulfilment of about 5 per cent in the social services and a slight overfulfilment in environmental development. Of particular note was the underfulfilment in the following related areas: agriculture (21 per cent), power (28 per cent), health (15 per cent), labour (29 per cent), sewage drain and refuse disposal (13 per cent), town and country planning (57 per cent). To the extent that not much was accomplished in these sectors at the end of the first three years of the Plan, one can infer that the basic needs of the people, particularly the poor, were not adequately addressed.

Theoretically, if a given allocation is cost-effectively applied, a lot can be achieved in physical terms (fulfilment). And, conversely, complete disbursement of funds in a wasteful way may not guarantee the physical fulfilment. In practice, what was observed in Nigeria was evident mismanagement and the absence of a cost-effective approach to public projects. In housing, for instance, the Plan allocation was overfulfilled by 46 per cent, yet the housing programme for the poor was bedevilled with corruption, involving contracts which were not executed even though contractors had been paid. The Nigerian poor were not better housed in 1983 than when the Plan started in 1979. Abandoned public housing projects are common sights in many parts of the country.

2. Food

Food is the basic need par excellence, since no one can survive for long without it. It is standard to use calorie supply per head or a percentage of requirements as an indicator of the amount of food intake needed for optimal levels of nutrition. Detailed data on this are lacking in Nigeria. The UN estimate, however, puts Nigeria's daily per capita calorie supply at 2,443 for 1983. Although this is above minimum needs, it is about 1,000 short of the average for the industrialised market economies. From personal observations and experience, it would appear that the UN estimate for Nigeria is on the high side. Evidence of malnutrition in both towns and villages abound in Nigeria, which would at least imply considerable variation around the UN average.

A national consumer survey by the Federal Office of Statistics (1981, 1982) in Nigeria shows that, although Nigerians spend about 50 per cent of their income on food, most money is spent on starchy food and little on protein.

As was shown earlier, the national food-production index has declined drastically since 1973 and food importation has correspondingly been stepped up to supplement the shortfall. The problem at the moment is that imported foods hardly reach the poor, for whom they were meant. The distribution system is flawed and corrupt. Since the essential food commodities are distributed through the government ministries, only people who work in the public sector (about 15 per cent of the labour force) have access to this food supply. And, within the government ministries themselves, the sharing is such that the higher officials get more than those in the lower cadre who can least afford them in the market. This is a clear case of regressivity. Efforts to get essential food supplies to the villages are often frustrated by corrupt officials who collude with the middlemen to pre-empt them before they reach their destinations.

The food problem in Nigeria therefore revolves around quality, quantity and distribution. The fulfilment of a basic needs yardstick in the area of food must address these three problems.

3. Primary education

Primary education can be considered important not only in its own right but also as a composite basic needs indicator, due to its contribution in meeting other basic needs. Some positive behavioural changes are associated with effective programmes of primary education, including knowledge and practice of enhanced nutritional standards, good health, clean water and sanitation.

Let us see the extent to which enrolment in primary education has fulfilled this basic needs function for Nigeria between 1976 and 1983. The relevant data are shown in table 2.3.

Before the introduction of Universal Primary Education (UPE) in 1976, access to primary education was extremely difficult, especially in the eastern states where the pre-independence UPE programme ran into serious financial difficulties. However, with the introduction of the federal UPE scheme in 1976, primary school enrolment shot up from 8 million in 1976 to about 15 million in 1983 (table 2.3). This represents an annual growth rate of 14 per cent. Correspondingly, the enrolment ratio has grown from 50 per cent to about 93 per cent in seven years of the UPE scheme. It is possible that the 93 per cent enrolment rate is an overestimation, since it is not based on a reliable census count. Nevertheless, such an impressive enrolment ratio may have mixed blessings for Nigeria: for, while it may create conditions for economic and horizontal equity, the implication for future employment in a stagnating economy can be frightening, as we shall see later.

Table 2.3: Indicators of primary school enrolment in Nigeria, 1976-83

Indicators	Fiscal years 1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83
Population of primary schools bracket (in millions	12.64	12.96	13.29	13.63	13.98	14.39	14.56
Number of primary schools (in thousands)	30.7	30.3	35.3	35.7	36.2	37.2	37.7
Total primary school enrolment (in millions)	8.11	9.64	11.18	12.17	13.92	14.84	15.02
Primary enrolment ratio(%)	50	64	74	84	89	90	93
Primary school pupil-teacher ratio	22	33	37	35	36	36	35

Source: Compiled from Economic and Social Statistics Bulletin, Jan. 1985, Federal Office of Statistics, Lagos, p. 35.

4. Health

Health is a basic needs vector with many indicator elements. When Nigerian statistics in this area are pieced together, a picture of some mixed results emerges.

From the mid-sixties to the end of the seventies, there were some marked improvements in most health indicators, as shown by table 5 of Appendix I. Population per registered medical practitioner dropped from 31,810 in 1964 to 24,530 in 1970, and thereafter declined further to 12,550 in 1979. This has further dropped to 8,000 in 1983. Nigeria's population per physician is still about 15 times that of the average for DCs, which in 1983 stood at 554.

Population per registered nurse has been falling gradually from 6,530 in 1964 to about 3,600 in 1979. Again, this is about 17 times the average for the DCs. In general, however, one can say that there has been some considerable progress, since other related indicators of the health delivery system, like registered pharmacists, medical technologists and hospital beds per population, are all declining (table 5 in Appendix I).

The above positive efforts notwithstanding, there are indications that the health status of the average Nigerian must have deteriorated in the post-independence era. The following factors may account for this observation:

(i) Health facilities tend to be located mostly in urban areas, making access by the rural people very difficult. The health personnel also show a definite preference to live and operate in the urban areas. This explains why the local (rural) people continue to patronise traditional medicine men (quacks) whose operations are based on metaphysical and/or local concoctions.

(ii) Even within the urban areas, the cost-effectiveness of the modern health delivery system is in serious doubt. The incidence of different types of major diseases like malaria, measles, whooping cough, chicken pox, schistomasiasis and tuberculosis was on the increase between 1980 and 1983 (see table 6 in Appendix I).

(iii) Life expectancy, which is perhaps one of the most reliable composite basic needs indicators, stood at 47 for the Nigerian males and 50 for females in 1983. This is close to the average for low-income economies, which was 58 and 60 for males and females respectively in 1983, but a far cry from the average for DCs, which was 72 and 79 for males and females respectively in the same year. It is possible that life expectancy in the rural areas is marginally higher than in urban areas since the rural people are less exposed to urban hazards, accidents and pollution. But this hypothesis needs to be empirically investigated, since the rural dwellers have much less access to health facilities, education, etc.

(iv) In terms of vital statistics, Nigeria's infant mortality rate is probably one of the highest in the world. This stood at 120 per thousand, while the crude birth rate stood at 45 per thousand. The crude death rate remains at 20 per thousand. All the above indices are subsantially below the levels achieved by middle-income LDCs like Taiwan Province of China, South Korea, Costa Rica, China and Cuba. In distributional terms within the country, there are indications that the victims of the inadequate health delivery system are mainly the poor and the uneducated. It is a common practice of the rich to go abroad for medical treatment, and they would prefer even to die there than to use the economic resources to search for locally available alternatives. It must here be recalled that the local manufacture of drugs and other medical appliances is about 99 per cent dependent on foreign inputs. This is another important source of foreign exchange drain. It illustrates a typical case where the external sector directly affects basic needs distribution or equity, as will be shown in section 4.

2.2.3 Spatial equity: the rural-urban perspective

The existence of dualism in any economic landscape is generally considered to be unhealthy since it is inequitable. Concerns with spatial equity are important because an economically depressed region or area is more likely to transmit backwash (negative) impulses to the inhabitants. Conversely, economic buoyancy of a region can transmit spread (positive) influences on the agents.

In Nigeria, over the years, there has been a rural-urban dichotomy leading to a glaring economic dualism. This dualism has been characterised by a gradual shift in rural population to the urban areas via the mechanism of migration. Nigeria's urban population, which stood at 13.6 million in 1980, is estimated to have grown at 4 per cent per annum to 15.4 million in 1985. This represents about a 16 per cent level of urbanisation nationally.

The causes as well as the equity implications of the growing dualism for Nigeria can be summarised as follows:

(1) Over the years, the growing pull of a few large towns in the country has adversely affected economic trends in the rural areas. It has been shown, for instance, that over 90 per cent of the industrial capacity is concentrated on a few urban centres. In 1971, for instance, Lagos had about 47 per cent of Nigeria's industrial employment, over 51 per cent of industrial wages and about 40 per cent of industrial establishments (Umo, 1975). This overwhelming economic concentration has generated a backwash impact on other cities, like Abeokuta 70 kilometres away.

(2) Although the origin of this widening gap can be traced to the colonial era when urban centres were made locales of government amdinistrative facilities, the recent urban-biased development strategy has further worsened the gap. For instance, the export commodity tax proceeds of the sixties and the oil revenue of the seventies have mostly been syphoned off for spending in urban areas. This means that the main beneficiaries of Nigerian economic booms whenever they occur are the urban dwellers.

(3) The rural-urban wage gap is a phenomenon that further contributes to spatial inequity in Nigeria. Since most of the wage reviews undertaken in the pre- and post-independence eras were initiated by urban modern-sector workers, they also constitute the beneficiaries. The 1981 minimum wage law, for instance, further widened the wage gap between the urban unskilled worker and his rural counterpart to a factor of about 4:1.

(4) An effect of the widening gap in wages and economic opportunities between the rural and urban areas has been a phenomenal rise in rural-urban migration over the past decade. The Lagos population, which was about 0.6 million in the 1963 census, was estimated to have reached 4.5 million in 1979. An estimated 25,000 migrants arrive in Lagos per month, or about 800 new arrivals per day (Lagos State, 1981).

(5) As employment facilities cannot expand at the rate at which migrants are arriving, the inevitable result is increasing urban unemployment (to be shown in the next section). This is worsened by the fact that the pressures on urban facilities are strained to breaking point. Substandard houses, high-density slums, poor sanitation and a high crime rate are common features of most urban centres in Nigeria.

(6) Correspondingly, the rural areas have suffered the adverse impact of urban migration in equity terms. The neglect of agriculture indicated earlier (section 1) can largely be attributed to the fact that most healthy young men who should be working on the farms have left the land to pursue the elusive employment and comforts of the towns. In Mabogunje's (1977, p. 45) words, the people now left are "an increasingly impoverished, pauperised, bewildered and despairing peasantry".

(7) The impact of rising inflation on equity in Nigeria must also be mentioned. Although on a macro scale, inflation (which was 20 per cent in 1982-83) reduces the purchasing power of workers on static income across the board, it was particularly punitive for the rural people. Since 1981, inflation in the rural area has consistently exceeded that of urban areas. The percentage change in the all-item price index in urban areas rose from 7.5 to 20 between 1981-82 and 1983, while for the rural areas it rose from 7.7 to 23.7 during the same period (Central Bank of Nigeria, 1983, p. 37). The reason for this emerging new phenomenon has to do with increased reliance on imported food items, whose supply, as we suggested earlier, hardly reaches the rural areas, and scarcity of locally manufactured items which are urban-based. It is therefore clear that, in the rural-urban spatial context, the equity of the rural people has been progressively eroded by forces beyond their control.

In sum, we have noted that rural-urban dualism has seriously undermined the cause of equity and employment by creating forces that increase poverty and unemployment at the peripheral end of the two sectors. This seems to be in consonance with Michael Lipton's (1984, pp. 139-166) observation that urban bias in resource allocation accounts for the slow growth and deteriorating rural-urban equity. In his earlier work, Why Poor People Stay Poor (1977), he has pointedly noted that: "The rural sector contains most of the poverty and most of the low-cost sources of potential advance; but the urban sector contains most of the articulateness, organisation and power. So the urban class has been able to win most of the rounds of the struggle with the countryside; but in so doing they have made the development process needlessly slow and unfair" (p. 13). This observation seems plausible, although it needs hard empirical evidence in the Nigerian-Ghanaian context. The incidence of rural and urban poverty and unemployment can only be assessed and addressed in the context of this observed spatial dualism. Policy considerations for ameliorating these ills will be discussed in section 4.

2.3 Employment

Since the Nigerian economy is basically agrarian, much employment should presumably be based on agriculture or agro-allied projects. With growing urbanisation and the accompanying industrialisation, unemployment has emerged largely as an urban problem.

Paucity of data to trace the level of employment or unemployment over time precludes the ideal of presenting the relevant data on a systematic basis. The information to be raked and pieced together will, however, give one an informed feel of the problem of Nigeria's unemployment and its likely future trend.

2.3.1 Unemployment

In the sixties, unemployment was not a critical problem, as the economy remained agrarian to a substantial extent. The subsistence sector which cushioned what might have been open unemployment was quite substantial, and, to the extent that unemployment existed, it was confined to primary-school leavers (Diejomaoh and Orimalade, 1971). It was therefore in the seventies, after the civil war (1967-70), that unemployment emerged as a significant macro problem.

From an estimated national average of 4 per cent in the sixties, unemployment rose to about 9 per cent in 1974 and fell somewhat to 7 per cent in the next couple of years (1976) (see table 10 in Appendix I). The reason for this reduction can be attributed to the substantial public expenditure following the oil boom of 1973-74. As the eighties set in, unemployment problems worsened, as we shall see presently.

2.3.2 Employment potentials

As the population is characterised by an exponential growth trend (see section 3), the implications for employment can be enormous. It is therefore pertinent to assess the extent to which Nigeria's increasing labour force can be absorbed by the economy. The data for several sectors of the economy are shown in table 11 of Appendix I.

The subsectors of the economy that absorbed most of the total labour force in 1980 include agriculture, small-scale enterprises, large- and medium-scale enterprises and self-accounting sectors.

In a more recent Federal Ministry of National Planning (MONP) Employment Inquiries (1984), it has been shown that the sectors that absorb a substantial volume of labour include community and social services (53 per cent), transport and communications (18 per cent) and manufacturing processes (11.2 per cent). Together these three sectors account for about 80 per cent of total modern sector employment in 1983 (see table 12 of Appendix I).

From considerations of spatial equity, it is important to note that the distribution of employment varies widely across the states of the Federation. As table 12 of Appendix I shows, the states that had the largest share of total employment (in descending order) were Lagos (28 per cent), Ondo (10.2 per cent) and Imo (8 per cent). This wide variation underscores the need for any employment-boosting policy to take cognisance of regional (state) variations if equity is to be pursued.

2.3.3 Impact of external sector on employment

As an open economy with a lean domestic economic base, Nigeria has been adversely affected by the global recession of the early eighties. An estimated 2 million workers have so far lost their jobs as a direct consequence of the recession. The following are the pertinent facts in this respect:

(i) According to an MONP (1984) survey, about 50 per cent of the private establishments which were interviewed confirmed retrenching of their staff between October 1982 and October 1983. The total number of staff so retrenched was 28,975, representing 30 per cent of the total staff strength of 96,000 employees. As the report further notes: "The manpower categories mostly affected include amongst others unskilled, semi-skilled and skilled manpower, labourers, artisans, drivers, etc." (ibid., p. 15). These are mainly young people, who often bear the brunt of unemployment whenever the economy becomes sluggish.

(ii) In terms of the sectoral distribution, the bulk of the retrenched people (71 per cent) was from the private sector, while about 29 per cent were from the public sector, even though the public sector accounts for 90 per cent of total modern sector employment. This underscores the sensitivity of the Nigerian private sector to any external disturbance. The specific sectoral distribution of retrenchment, in descending order, was construction (37.3 per cent), manufacturing and processing (24.7 per cent), and community, social and personal services (17.6 per cent) (see table 13 in Appendix I). It is significant to note that these sectoral variations reflect the extent to which the sectors depended on imported raw materials, machinery and spare parts for their operations. For instance, attempts to conserve foreign exchange led to either drastic cuts or reductions in the size of many construction projects, and this inevitably had a major negative feedback effect on employment in the construction sector (which, however, only accounted for 3.4 per cent of total employment). We shall explore the policy implications of this in section 4.

2.3.4 The rural-urban dimension

The recession also impacted on rural-urban employment in a rather interesting way by revealing the existence of substantial open rural unemployment.

In a recent survey by the Federal Office of Statistics (FOS), 1985, it was found that, on the average, rural open unemployment was 3 per cent in June 1985. See table 2.4.

This can be attributed to the long-drawn period of urban unemployment which must have created the "discouraged worker" syndrome whereby jobseekers gave up job search in frustration after a series of unsuccessful attempts and returned to the rural areas.

Nevertheless, the survey revealed the disturbing fact that the rural unemployment rate is higher than the urban rate in a considerable number of states in Nigeria. States where rural unemployment exceeded urban unemployment include Bauchi (8.6 per cent), Benue (16.5 per cent), Borno (16.5 per cent), Gongola (22.2 per cent), Kwara (3.5 per cent) and Rivers (10.7 per cent) (see map of Nigeria in Appendix II). This observation questions the conventional wisdom in the Nigerian context that unemployment and/or poverty is an exclusive urban phenomenon. At the same time, it raises the possibility that rural misery may be on the increase in some parts of Nigeria. More research is indicated in this area.

The same survey (ibid.) confirmed an earlier finding that over 70.4 per cent of the unemployed in the urban areas are youths (below 25 years of age), while the unemployed in the rural areas were relatively older. This has significant policy implications, as we shall see in section 4.

Table 2.4: Rural-urban unemployment rates for Nigerian states by June 1985

States	Unemployment rates (%)	
	Urban	Rural
Anambra	13.1	3.6
Bauchi	7.4	8.6
Bendel	11.6	5.6
Benue	13.8	16.5
Borno	12.6	16.5
Cross River	15.4	10.9
Gongola	16.0	22.2
Imo	15.9	15.9
Kaduna	12.2	0.4
Kano	2.3	0.6
Kwara	1.5	3.5
Lagos	11.2	3.7
Niger	3.9	0.8
Ogun	5.1	-
Ondo	6.1	4.2
Oyo	11.5	-
Plateau	7.1	3.3
Rivers	10.1	10.7
Sokoto	1.4	0.6
Average for all Nigerian states	9.7	3.0

Source: Culled from Business Times, 7 Oct. 1985.

2.3.5 Employment of graduates

There seems to be a popular notion that access to tertiary education not only improves equity but also employment. Since we had already touched on the equity implications of investment in higher education, let us focus attention here on employment implications.

In recent times, fears have been expressed as to whether Nigeria is not being threatened with graduate unemployment. In the last couple of years, the nation's institutions of higher learning have been producing about 47,000 graduates for the labour market annually. Only about 50 per cent of this number succeed in getting jobs either in the private or public sectors. This explains why there has been a stepped-up demand for admissions into higher-degree programmes - MAs and PhDs - in an effort to kill time while waiting for the job situation to improve in the economy.

The FMONP 1983 Survey has shown that the number of graduates employed in the whole economy is about 4 per cent of total employment. Of this number, the public sector hires about 97 per cent while the private sector employs about 3 per cent. The implication of this is that the bulk of the labour force who are non-graduates can easily be victims of a discriminatory employment policy. In a test of a job replacement hypothesis by Umo (1983), it has been shown that a 1 per cent increase in the graduate labour force leads to about 2 per cent decrease in the employment of non-graduates. It is therefore clear that availability of graduates worsens the employment chances not only of "inferior" graduates themselves but also of non-graduates like high-school diploma holders or equivalents. Overall, the economy's ability to absorb an increasing number of university graduates is extremely weak as shown by output employment elasticities which are below unity (ibid.).

In spatial equity terms, there seems to have been an apparent inequity in the distribution of employed graduates amongst the 19 states of the Federation. This is depicted in table 14 of Appendix I. In this table, the distribution of employed graduates varies from 0.3 per cent for Plateau State to 15.4 per cent for Kwara, and 11 per cent for Lagos State. Although this is cross-sectional data depicting what is essentially a static picture of employment opportunities in each state, it would be instructive to focus policies in a direction that would facilitate movement of graduates to areas (states) where they are most needed. The policies relating to this will be shown in section 4.

Ghana

2.4 Equity

In this part of the study, our analysis is limited due to non-availability of comprehensive data on income distribution among employees in various establishments and even within organisations over time. The available data are scanty and based on special consumer surveys. This deficiency notwithstanding, an attempt will be made to analyse the degree of equity in the country.

As mentioned earlier, the concept of equity here hinges on the Rawlsian principle which involves improving the welfare of the least privileged in society. This means that if economic and social programmes as well as policies are such that the position of the poorest in society is improving over time, then we can say that the inequality in society is being minimised.

2.4.1 Inflationary trends and equity

The most significant incident that has featured in the economic activities of all sectors of the Ghanaian economy has been the rapid rise of prices. Some of the causes of this can be traced to the Central Bank of Ghana's policy of deficit financing and the persistent expansion in money supply to the public sector in the face of food and essential goods shortages. The other reason is the progressive increase in nominal income through rapid increase in wages and salaries. Consequently, in 1977, Ghana for the first time experienced a three-digit inflation rate of 116 per cent. The subsequent three years experienced a deceleration in the rate of inflation although this was short-lived, as the rate of inflation shot up again to 117 per cent in 1981.

An examination of the data in table 2.5 below on the rate of inflation in rural and urban areas shows that, since 1978, prices in the rural sector have been increasing at a faster rate than those in the urban areas.

Table 2.5: Ghana: consumer price index for rural and urban areas, 1977 = 100

Year	Rural	Urban	National
1975	29.0	31.4	29.5
1976	45.9	47.3	46.2
1977	100.0	100.0	100.0
1978	174.7	171.5	173.3
1979	278.8	256.5	267.3
1980	448.2	363.0	401.2
1981	938.5	800.4	868.7
1982	1 149.7	977.6	1 062.4

Source: Central Bureau of Statistics (CBS), Newsletter, Dec. 1982.

From the table we observe that prior to 1977, the rate of inflation was less in the rural areas than in the urban. But in the post-1977 experience, it has been faster in the rural areas. The consumer price index (CPI) rose from a marginal difference of 3.2 points in 1978 against the rural areas to as much as 138.1 points in 1981. While the CPI for rural areas rose from 175 per cent in 1978 to 1,150 per cent in 1981, that of the urban sector rose from 172 per cent to 978 per cent during the same period.

The above figures demonstrate that the average person in the rural areas has become progressively worse off since 1978 when compared with his counterpart earning the same income in urban areas. Consequently, in terms of spatial/horizontal equity, one can say that the degree of inequality between urban and rural inhabitants has been widening in Ghana since 1978 and the typical rural inhabitant is worse off, as the rural incomes have remained relatively static over the period. This probably partly explains the high degree of rural-urban migration that occurred in Ghana between 1977 and 1982.

2.4.2 Patterns of land distribution and equity

In the rural sector, access to productive assets, especially land, is the most important determinant of income distribution whereas it is wage employment that is most important in urban areas. The emergence of cocoa as a cash crop brought into greater prominence the important role of land and labour as sources of Ghanaian agricultural growth, and this caused major changes in the pattern of land ownership in addition to introducing a new source of social differentiation. Furthermore, obstacles in gaining access to land due to ecological factors and inequality in regional development contributed to greater social differentiation, hence inequity.

Since it was only in the southern forest zones that suitable land for cocoa production could be found, this introduced inequality in access to "suitable" land. It became more and more difficult for people from the northern region to have access to cocoa land. The increasing demand for labour to work in cocoa farms made employment opportunities in the south more attractive than self-employment in the north. Thus, the south witnessed an active labour market which provides cheap labour even to small-scale farmers, thereby giving them the chance to expand.

The available data on land distribution over the years show that there has been substantial inequality in wealth and income in the rural sector whether based on nation-wide analysis or among the regions. As had been noted earlier, the small-scale farmer in the north has been finding it more and more difficult to gain access to cultivatable land from where they derive their livelihood. In 1970, for example, 55 per cent of landholders with farms of less than 4 acres claimed only 10 per cent of cultivated land area while the top 10 per cent claimed over 57 per cent (Ewusi, 1984, (a), p. 63). The national Gini coefficient of size distribution of landholding in 1970, according to Ewusi, was 0.64, which indicates high inequality when compared with other African and Asian countries, although rather low if related to Latin America.

The above analysis demonstrating a high degree of inequality among farmers in Ghana is confirmed by data on distribution of output. In 1963-64, it was found that the lowest 15 per cent of the farmers produced only 2 per cent of output (Beckman, 1976); in 1976 it was found that the lowest 16 per cent of the farmers produced only 1.3 per cent of output, while the top 18.2 per cent of the farmers produced 60.5 per cent (Buxton, 1976). The small farmer is worse off in terms of cocoa output in 1976 compared to 1963-64, which implies the worsening of the degree of inequality among cocoa farmers in Ghana.

Some other possible causes of the above-observed phenomenon can be attributed to:

(i) the supply and distribution of agricultural inputs such as fertilisers, insecticides, etc. that have been uneven, to the disadvantage of the small-scale farmers;

(ii) the decline in foreign exchange to purchase agricultural inputs, which meant that small quantities of the agricultural inputs had to be imported.

The number of cocoa-spraying machines imported, for example, declined from 6,848 in 1975 to 1,992 in 1979, while insecticides declined from 23,220 kg to 3,977 in 1978 before rising to 16,708 kg in 1979 (see table 7 in Appendix I).

The distribution and supply of improved seeds has been such that the small-scale cocoa farmer has also been continuously ignored. The improved seeds of high-yielding varieties are distributed mostly to the large-scale farmers while the smaller ones have to depend on their own low-yielding varieties. This partially explains the high degree of inequality in output between small-scale farmers and the large-scale farmers in Ghana.

2.4.3 National income and spatial equity

There are no income distribution data for the whole country, as mentioned earlier. However, some reasonably informed analysis could be undertaken using the 1974-75 Household Consumer Survey reported in 1978. From the data, it was apparent that of 667,000 employees interviewed, 12,000 (about 2 per cent) were in the lowest income bracket of less than C20 a month. In the next income bracket, ranging from C20 to C29 a month, were another 32,000 (about 5 per cent). The largest proportion of employees (20 per cent) fell into the income range of C60 to C79.

The highest income range of C500 and above were 6,500 (1 per cent) employees, and of these 81 per cent were in Greater Accra alone. To demonstrate the concentration further, the data show that of the 50,500 who earn between C150 and C149 a month, 31,400 (61.8 per cent) live in Greater Accra. Furthermore, the 10 per cent top income earners that account for 30.4 per cent of total income live in Greater Accra (Ewusi, 1984, (a), p. 82). As regards employees in Northern and Upper Regions, the number in the higher income brackets were relatively small compared with the other regions. The

Ghanaian experience thus demonstrates a case of convergence of personal income inequality and spatial inequality. This means that space (location) cannot be ignored in the analysis of equity.

Information available from a previous study on income distribution in Ghana points to the worsening of income distribution of wage and salary earners (see table 2.6). As table 2.6 shows, there has been a widening in the income gap in Ghana between the very rich and the poor. The relative position of the poor deteriorated over time vis-à-vis the rich. In 1956, the lowest quintile earned 11.5 per cent of total income compared to 7.1 per cent for the same category of people in 1975. The highest quintile (top 20 per cent income bracket), on the other hand, earned 36.6 per cent of total income in 1956, and by 1975 its share of total earnings had risen by nine percentage points to 45.6.

Table 2.6: Ghana: distribution of income for wage and salary earners, 1956-75

Wage and salary earners/year	Share of lowest 20%	Share of lowest 40%	Share of highest 20%
1956	11.5	24.9	36.6
1962	10.9	23.6	39.2
1965	10.7	23.2	40.2
1968	10.1	22.1	41.9
1975	7.1	18.2	45.6
Cocoa farmers			
Share in cocoa earnings, 1964	2.4	8.0	56.4
Share in cocoa earnings, 1970	1.8	7.5	62.4

Source: Ewusi, "The Dimensions and Characteristics of Rural Poverty in Ghana", ISSER Technical Publication, No. 43, Apr. 1984, p. 86.

A possible explanation for the worsening of income distribution (or equity) is the political and governmental institutions which tend to work to serve the interests of the few who possess in greater abundance income, status, education and consequently authority. As pointed out by Ewusi (1978) government budgetary allocations under various guises have transferred income from the rural poor to the urban rich.

2.4.4 Rural-urban income inequalities

The data obtained from the 1974-75 Household Budget Survey conducted by the Central Bureau of Statistics and reported in 1978 provided us with information for analysing the degree of inequality in income distribution between the south and the north as well as between the urban and rural areas. If we assume that the Greater Accra Region which is in the south can be regarded as the most urbanised, and the Upper Region which is in the north as the most rural region, then the data in table 2.7 show that the most rural sector is slightly worse off than the national profile of income distribution.

Table 2.7: Ghana: distribution of income by decile groups in selected rural and urban areas

	Rural	Urban	National
First decile	1.8	1.5	3.0
Second decile	4.2	3.4	4.1
Third decile	5.2	5.1	5.4
Fourth decile	6.8	5.5	5.5
Fifth decile	7.0	7.0	7.0
Sixth decile	8.0	7.5	8.5
Seventh decile	9.7	9.9	10.0
Eighth decile	11.8	13.3	11.5
Ninth decile	15.2	16.3	14.2
Tenth decile	30.3	30.1	30.8
Gini coefficients	0.376	0.402	0.366

Source: Ewusi, 1978, p. 87.

However, a close examination of the data in table 2.7 show also that income distribution within the rural sector is better than that of the urban areas. The lowest 10 per cent (first decile) income earners in the urban sector received 1.5 per cent of total earnings while 1.8 per cent was received by the lowest 10 per cent of the rural sector. Furthermore, the Gini coefficient for the rural sector (0.376) is less than that of the urban sector (0.402).

To determine the degree of change in income of rural areas vis-à-vis the urban sector, an analysis of the 1962-63 and 1974-75 National Household Surveys was undertaken. In 1974-75, the urban sector, with only 33 per cent of population, accounted for 45 per cent of total national expenditure. The gap is even wider, according to Ewusi (1984, (a)), when examined in terms of access to wages and salaries. Moreover, both per capita rural and urban expenditures in real terms declined over the period 1961-62 to 1974-75, with the fall being marginally more in average rural income. This again shows that over time the rural-urban income gap has been widening and the average rural person is relatively worse off.

The above evidence is supported by the widening gap between real agricultural and non-agricultural wages. It was observed that, between 1970 and 1979, the monthly wage rate of the agricultural labourer grew at an annual rate of 21 per cent compared to 25 per cent for the manufacturing sector. Furthermore, while the monthly wage of the agricultural labourer in 1970 was about 68.8 per cent of his counterpart in industry, by 1979 the ratio had fallen to 52.2 per cent, and, when examined in real wage terms over time, the agricultural labourer's real wage in 1979 is slightly below a third of his real wage in 1970.

The widening of inequality also exists when we compare the average cocoa farmer with the average wage earner in the modern sector. The index of a cocoa farmer's income has declined from 100 in 1970 to 26.4 in 1980 because the quantum of cocoa that was equivalent to the monthly earnings of the labourer in 1970 was only equivalent to 40 per cent in 1980. This contributed to the increase in the rural-urban migration phenomenon in Ghana.

Overall, the widening of the rural-urban income gap can be attributed to the higher rate of inflation in the rural areas, a decline in agricultural output per acre, unequal access to arable land and a high government tax on cocoa farmers.

2.4.5 Basic needs indicators of inequality

As was shown earlier, the distribution of equity can be measured through the Basic Needs Approach (BNA) with indicators such as health, nutrition (food), education, water supply, etc.

(i) Health

Health is one of the basic needs variables that could help to determine the overall welfare of society over time. Available data show that there had been improved health care nationally from 1960 to 1980. Population per registered medical practitioner declined slowly from 12,160 in 1960 to 9,930 in 1977, and thereafter dropped to 7,160 in 1980 (World Bank, 1980, 1983 and 1985). This was substantially higher than the LDCs' average of 5,772 for the same year.

The population per registered nurse also declined during the two decades. It fell from 5,430 in 1960 to 3,710 in 1965, and since then it declined significantly to 770 in 1980. Considering the average of 4,841 for the low-income countries in 1980, Ghana's performance was a significant improvement.

However, health facilities have tended to be located mostly in the urban areas and the administrative capitals of Ghana, thereby making it relatively difficult for rural dwellers to have access to these facilities. In a study conducted by Ewusi (1984, (a)), he showed that in 1970 the population per physician, nurse and hospital bed was 6,355, 952 and 270 respectively for the Greater Accra Region. On the other hand, the corresponding population for the Upper Region was 1,107,840 per medical doctor, 5,426 per nurse and 1,209 per hospital bed.

Furthermore, he observed that the nine administrative capitals in Ghana, accounting for 15 per cent of the population, controlled 55.4 per cent of the hospitals and 51.3 per cent of total number of hospital beds. The bed/population ratio for the nine administrative capitals was 1:260 compared to a national average of 1:870. In 1980, the distribution of health facilities and health personnel still showed gross disparities between the Greater Accra Region and the Upper and Northern Regions.

As regards vital statistics, the child death rate, which stood at 36 per thousand in 1960, declined to 23 in 1978, and thereafter it has been falling such that in 1983 it stood at 12. Similarly, the infant mortality rate declined from 132 in 1963 to 97 in 1983. Although the above vital statistics are higher than those of the middle-income LDCs like South Korea, Taiwan Province of China, Cuba, etc. that averaged 75 for infant mortality and nine for the child death rate in 1983, yet the Ghanaian experience shows a significant improvement in health care, sanitation, etc.

The distribution of medical facilities and personnel in favour of urban areas shows the inequality in access to health facilities by residents of the rural areas. Even within the same rural or urban areas, there is considerable evidence indicating that the poor are relatively deprived of good access to adequate health care. But, unfortunately, these are the people who live in a less hygienic environment that makes them easy targets of all types of communicable diseases.

(ii) Nutrition

Available World Bank data put Ghana's daily caloric supply per person as 1,983 in 1977. This, however, declined to 1,964 in 1980 and 1,573 in 1982. As a percentage of the World Bank's (1984, p. 264) prescribed caloric requirements, the estimate for Ghana shows that it climbed from 86 per cent in 1977 to 88 per cent in 1980 before falling significantly to 68 per cent in

1982. This means that within a period of two years, there was a decline of 20 percentage points in meeting nutritional requirements.

The worsening of food intake in Ghana is supported by some studies undertaken in Ghana. In a study conducted by Orraca-Tetteh and Watson in 1976 (Ewusi, 1984, (a), p. 100), they found that in a group of villages 69 per cent of the children were undernourished, with 55 per cent suffering first-degree malnutrition and 14 per cent second-degree malnutrition. In a similar study conducted by Ewusi (ibid.), he found that, among the same group of villages, on the average, 70.3 per cent of the children were undernourished, with 21.5 per cent being seriously undernourished.

Furthermore, the above studies have shown that, in Ghana, the towns and cities have better nutrition because a lot of food from the rural areas is sent there for payment in cash. Consequently, transportation and distribution of food do have serious effects on the nutritional status of the rural areas. The decline in levels of nutrition can also be attributed to a fall in food production as a result of rural-urban migration in search of paid employment, as discussed earlier in section 1.

The available data, therefore, show that over time the quality of life has been deteriorating nationally but is more pronounced in the rural areas of Ghana.

(iii) Education

Primary school education is one of the important basic needs of society and it shows the potential for the well-being of any society. The more access children of poor people have to primary education (and hence the higher the enrolment) the narrower will be the inequality in society. In Ghana, primary school enrolment as a percentage of age group rose rapidly from 38 in 1960 to 69 in 1965, but thereafter climbed sluggishly to 76 in 1982. Female enrolment has experienced a more significant increase. While the percentage of males rose from 82 in 1965 to 85 in 1982, that of females climbed from 57 to 62 during the same period (World Bank, 1983 and 1985).

The educational system of Ghana has witnessed significant improvements since 1960 even though the objective of universal primary education declared in 1961 has not yet been fully achieved. Enrolment in primary schools grew from 642,292 in 1961 to 1,014,012 in 1974-75, representing an overall increase of 57 per cent, while during 1975-76 to 1980-81 it rose from 1,157,303 to 1,379,030, representing an overall rise of 19.1 per cent within the six-year period. The annual average rate of growth of enrolment was about 4 per cent. Although the number of primary schools increased by 11.2 per cent during the

1975-76 to 1979-80 period, the annual rate of growth was 3 per cent (see table 8 of Appendix I).

Since the rate of growth of enrolment is greater than the rate of growth of primary schools and facilities, it implies that there may have been a deterioration in the quality of primary school education (at least through an increase in crowding). Apart from middle schools, where the rate of growth in enrolment and number of institutions was 3 per cent, the annual growth rate of enrolment in other educational stages exceeded the rate of growth of educational institutions over the same period (see table 9 of Appendix I).

The growth rate of the various educational institutons has not been uniform between the regions. Regional comparisons show that the Northern and Upper Regions are worse off when we consider the extent of illiteracy and primary school enrolment ratios. Apart from the decline in quality of education over time in all regions, there has also been an increase in inequality in educational opportunities between the regions - a clear case of deterioration in horizontal equity.

(iv) Water

Water, like food, is a basic necessity of life. In 1960, it was found that 16.3 per cent of the rural population had access to pipe-borne water, but in 1970 this proportion had declined to 11.5 per cent. Similarly, the corresponding figures for the urban areas were 70.9 per cent and 80 per cent. And as the percentage of the urban population who had no access to safe drinking water fell from 29.1 per cent in 1960 to 20 per cent in 1970, that of the rural sector climbed from 83.7 per cent in 1960 to 88.5 per cent in 1970. Consequently, since then, there has been a deliberate effort by the Ghana Water and Sewerage Corporation to provide safe drinking water to the majority of Ghanaians. The Corporation's efforts have been met with significant success.

The 1983 data as shown in table 2.8 indicate that the number of towns served with pipe-borne water is 132 and the urban population served with good drinking water is 80 per cent. The data in the table show that the percentage of rural population served with safe drinking water rose from 11.5 in 1970 to 43.7 in 1983 while for the urban resident it remained unchanged. But, nationally, the proportion of the population who have access to safe drinking water increased from 28.5 per cent in 1970 to 57.6 per cent in 1983. In terms of spatial distribution of water, it was found that recently the Upper Region has the best water supply in the whole country. Although there is still a high disparity between the population served with safe drinking water in rural and urban areas, the data in table 2.8 clearly show that there have been significant improvements in the supply of safe drinking water all over Ghana since 1970.

Table 2.8: Ghana: population served with pipe-borne water

	1970			1983		
	Rural	Urban	Total	Rural	Urban	Total
Total population (000)	6 087	2 172	8 559	7 858	4 863	12 721
Population served with water	700	1 738	2 438	3 441	3 890	7 331
Per cent of population served with water	11.5	80.0	28.5	43.7	80.0	57.6
Number of localities served with pipe-borne water				3 529	132	3 661

Source: Ewusi, 1984, (a), p. 102.

2.5 Employment

Ghana, like any other LDC, lacks proper machinery to determine the number of unemployed persons and consequently any data on this economic indicator are relatively unreliable. In 1980, for example, the Ministry of Labour reported that 198,500 were unemployed, but when this is compared with the total labour force, it seems that there was an underestimation. Hence it is still not clear what percentage of the total labour force is actually unemployed.

The available data from the Social Security and National Insurance Trust, which cover only establishments that pay social security for their employees, however, show that the number of employees has been increasing since 1975. The number of people in wage employment that contribute to the Social Security and National Insurance Trust rose from 850,900 to 1,457,700 in 1980. This did not include a large number of self-employed and employees who work for establishments that employ less than five persons and do not make contribution to the social security scheme.

On the other hand, data from other sources, such as the Central Bureau of Statistics covering establishments that employ ten or more persons, show that there has been a decline in the level of employment in the organised sector due to the decline in growth of the economy and the low-capacity utilisation of the industrial plants.

2.5.1 Employment

An examination of the data on recorded employment for all establishments employing ten or more persons in both public and private sectors show that there has been a marginal downward trend in total employment since 1972. Total employment in these types of organisations declined from 666,500 in 1972 to 413,500 in 1974 before increasing to 440,700 in 1975. The subsequent three years witnessed a continuous decline in total employment such that by 1978 it had declined to 415,500, which was almost as low as the 1974 level. There was a marginal increase in total recorded employment in these establishments to 452,600 in 1979 but this figure is still below its 1972 level (see table 15 of Appendix I).

From table 15 of Appendix I, the number of recorded employment in the public sector declined from 357,700 in 1972 to an all-time low level of 300,400 in 1974 before rising, even though with fluctuations, to 335,000 in 1979. On the other hand, the recorded employment in the private sector for establishments employing ten or more persons fell dramatically from 308,800 in 1972 to 113,100 in 1974 and then declined to the lowest level of 97,900 in 1978. There was a significant improvement in recorded employment in 1979 as it rose to 117,600.

The change in recorded employment during the 1972-79 period was -1.9 per cent when calculated on an annual basis, and this represents an annual average rate of decline of -0.27 per cent. This is obviously far below the estimated rate of growth of the labour force, put at 2.2 per cent during the 1960-70 decade. Consequently, there is a likelihood of increased unemployment since it is in these organised establishments that the majority of those entering the labour force will seek employment.

The downward trend in industrial activities in Ghana since 1980 tends to support the view that the level of employment in 1983 is much lower than in 1979. This view can be validated by the fact that the Government (public sector) cannot continue to increase its level of employment because of its inability to meet the wage bills apart from complying with the IMF conditionalities, one of which is a reduction in government expenditure (see section 1.4.1).

Another development in the labour sector since 1980 was the growing number of workers, particularly skilled, that were leaving Ghana for other countries to work as a result of the increased cost of living in the country.

Unconfirmed reports in 1985 indicate that quite a few of these skilled workers are returning to the labour force in Ghana but it seems that they are an insignificant proportion.

2.5.2 Employment according to industry

Data on recorded employment of establishments employing ten or more persons according to industrial group show that for the private sector the percentage share of agriculture, forestry and fishing, mining and quarrying, construction and services have generally been declining during the post-1972 era (see table 15 of Appendix I). The share of agriculture, forestry and fishing in total employment, for example, declined from 4.8 per cent in 1972 to 2.47 per cent in 1979. That of mining and quarrying fell from 11.8 per cent to about 1 per cent, construction from 11.8 per cent to 9.6 per cent even though it experienced a boom period (1975-77) when its share was on the average 16.5 per cent per annum. As regards the services industry, its share in total recorded employment declined from 17.7 per cent to 15.5 per cent during the 1972-79 period, but it reached a peak of 22.6 per cent in 1975.

The share of commerce remained relatively constant at 14 per cent until 1976 and thereafter rose to 20 per cent in 1978 before declining to 13 per cent in 1979. It was in the manufacturing sector that an increase in recorded employment was witnessed throughout the period. Its share climbed from about 38 per cent in 1972 to 46.5 per cent in 1978 and then jumped to 57.5 per cent in 1979. However, the rate of increase in this industry was not enough to compensate for the general decline in other sectors and consequently recorded employment over all experienced a continuous decline in the private sector until 1978.

The changes in the level of employment in the public sector were quite different from those of the private sector (see table 15 of Appendix I). The share of the services industry in total recorded employment for the public sector rose from 36 per cent in 1972 to 57 per cent in 1979 while the share of other sectors varied considerably over time, including manufacturing, mining and quarrying, construction, electricity, water and sanitary services, transport, storage and communications. The sector that showed a surprising upward trend in employment was agriculture, forestry and fishing, its share in recorded public sector employment rising from 13 per cent in 1972 to 23 per cent in 1978 and declining slightly to 21 per cent in 1979.

In the public sector, the services and agriculture, forestry and fishing industries have been able to absorb some reasonable amount of labour, while in the private sector absorption was mainly in the manufacturing industry. The construction industry, which was on the average absorbing about 12.5 per cent of total recorded employment before 1976, experienced a deep slump thereafter and is yet to recover from the recession. It seems therefore possible that investment is needed in agriculture, forestry and fishing, construction, mining and quarrying as well as manufacturing in order to generate a more reasonable level of employment.

2.5.3 Unemployment

Ghana, which is basically an agrarian economy, had no serious problem of unemployment before 1960. The problem of unemployment surfaced gradually during the 1960-70 decade when per capita income grew at only 0.5 per cent per annum, while population was growing at the rate of 2.5 per cent yearly. The declining growth in the economy since 1970 is evident from the decline in per capita income at a rate of from -0.7 per cent between 1970 and 1974 to -1.2 per cent between 1974 and 1981.

The data in table 2.9 below exhibit that an interesting part of the growing unemployment in Ghana is the change in age composition. The data show that the percentage of unemployed persons of the age group 15-19 years, which was 21.2 per cent in 1960, climbed to 24.9 per cent in 1970 before declining to 21.1 per cent in 1980. Basically, the persons that belong to this age group are mainly graduates of primary and secondary schools, hence one can state that one out of five unemployed persons between 1960 and 1980 was a teenager.

Table 2.9: Ghana: national unemployment for selected age groups in 1960, 1970 and 1980 (per cent)

Age group (years)	1960	1970	1980
15-19	21.2	24.9	21.1
20-24	9.4	13.1	31.1
25-44	12.8	10.9	38.3
45-64	8.2	3.0	9.5

Sources: Ghana Population Census, 1960 and 1970, Economic Survey of Ghana, 1977-80.

The most striking change in age composition of unemployed persons in Ghana is the dominance of people within the age groups 20-24 and 25-44, often regarded as people in their prime working age. The share of unemployment for the age group 20-24 years rose gradually from 9.4 per cent in 1960 to 13.1 per cent in 1970 but thereafter it accelerated to 31.1 per cent in 1980. Consequently, as at 1980, one out of almost every three persons unemployed in Ghana belong to this prime age group. It is pathetic to note that a substantial number of this group of unemployed persons are graduates from higher technical colleges, teachers' colleges and universities.

Similarly, the rise in the rate of unemployment among persons in the age group 25-44 years is alarming. It rose from 12.8 per cent in 1960 to 38.3 per cent in 1980 after an initial decline to 10.9 per cent in 1970. It seems, however, that the observed change in age composition of unemployed persons against persons in the age groups 20-24 and 25-44 years could be expected since most of Ghana's economic indicators have been showing downward trends, particularly after 1974. The majority of unemployed persons in the latter age group are workers retrenched from the construction, mining and quarrying industries, as can be deduced from table 15 of the Appendix.

The causes of the rapid increase in both number of unemployed people and structural change in age composition of unemployed persons in Ghana can be attributed to the following: first, the recession in the domestic economy since 1974 which has affected the output of the key productive sectors - agriculture, mining and quarrying, construction and services; second, external factors that caused shortfalls in foreign exchange earnings needed to purchase agricultural inputs, raw materials and machinery spare parts; third, the rural-urban migration in search of paid urban employment as a result of a fall in rural earnings over time; and, last, the low level of operation of the manufacturing industries (operating at less than 25 per cent installed capacity) since 1975 due to shortages of raw materials and spare parts for machinery which, in turn, can be blamed on severe balance-of-payments problems.

2.5.4 Rural-urban dimension

There is a great deal of internal migration in the Ghanaian population from one area to another. According to Cadwell (1984, p. 27), there are four types of internal migratory movements, namely rural to rural, rural to urban, urban to urban, and urban to rural. It was found that rural to rural migration is the most important, followed by rural to urban. However, because of the observed implications of rural to urban migration in terms of urban unemployment and its implications for agricultural development, much attention is always focused on it.

In terms of spatial or inter-regional migration, available data show that Greater Accra Region, Western Region and Brong-Ahafo Region are the main recipients of migrants (see map of Ghana in Appendix I). Greater Accra Region being the most cosmopolitan and the nerve centre of industrial and commercial activities, it often attracts the largest number of migrants. The other regions which also attract migrants mentioned earlier are characteristically rapid industrial and agricultural development areas.

In the data in table 2.10 on the rural and urban labour force, the employment and unemployment rate in 1970 shows that 70.3 per cent of Ghana's labour force lived in rural areas, while 29.7 per cent resided in urban centres. In terms of total employment, the rural sector accounted for 71.1 per cent while the urban sector's share was 28.9 per cent in 1970. But the unemployment rate was much lower in the rural sector (4.9 per cent) than in the urban areas (8.6 per cent), and the pattern of economic activity in these two areas is different. The working life cycle for males and females in rural areas is normally characterised by early entry into the labour force and later retirement from it. Activities in the rural areas are agriculturally oriented. In 1970, for example, it was observed that 73.3 per cent of workers in rural areas were farmers, while production workers dominated the employment scene in the urban sector, accounting for 34.1 per cent of the urban employed labour force. This was followed in the urban sector by sales workers (24.8 per cent). Farmers and fishermen represented only 18.2 per cent.

Table 2.10: Ghana: the population and labour force of the rural and urban sectors, 1970

	Rural		Urban		Total	
	Absolute	% of total	Absolute	% of total	Absolute	% of total
Population	6 086 859	71.1	2 472 454	28.9	8 559 313	100.0
Labour force	2 343 056	70.3	988 562	29.7	3 331 618	100.0
Employment	2 229 255	71.1	907 792	28.9	3 133 047	100.0
Unemployment	113 801	57.3	84 770	42.7	198 571	100.0
Unemployment rate	-	4.9	-	8.6	-	6.0

Source: Ewusi, 1984, (a), p. 32.

There is evidence that because of the nature of activities in the urban and rural areas, the level of unemployment across all age groups is higher in urban than in rural areas (Ewusi, 1978, p. 98). An explanation for this phenomenon is the structure of economic activity in the rural sector where a very significant proportion of the labour force is represented by own-account workers. Others have argued that the lower unemployment rates for all age/sex groups in rural areas may be explained by the fact that more people in the rural sector are underemployed rather than being openly unemployed as in urban areas.

Given the dominance of production/manufacturing workers followed by sales workers in urban Ghana, it follows that any external shock resulting from unfavourable world prices for Ghana's exports will affect the level of industrial unemployment. This is because unfavourable world prices for Ghana's primary exports will lead to a decline in her foreign exchange earnings needed to purchase raw materials, machinery, spare parts, etc. required in the manufacturing sector. A possible partial explanation for the continuous increase in the level of unemployment in Ghana since 1970 can be attributed to instability in the external sector and her balance-of-payments problems.

SECTION 3

ANALYTICAL COMPARISONS, PROSPECTS AND POLICIES

In this concluding section, efforts will be made to draw sectoral comparisons and contrasts between Nigeria and Ghana. We shall also examine the future prospects of some relevant variables and draw appropriate policy implications.

3.1 Agriculture

(1) The growth rate of agriculture in both Nigeria and Ghana, along with food production and production for export, have been declining in the last two decades.

(2) Deterioration in the food supply situation in the face of growing numbers of people has led to increased food importation in both countries. Although foreign exchange shortage has restrained Ghana's food import ability, that of Nigeria still remained at a high absolute level (approximately N1 billion annually between 1980 and 1983).

(3) Agriculture in the two countries has faced the problems of neglect (mostly in Nigeria because of oil boom illusion), mismanagement (mostly in Ghana since most farms were state owned) and laggard technology (in both).

(4) Producers of export commodities have often been overtaxed, especially whenever these commodities have had higher external prices. Cocoa farmers in both Nigeria (in the 1950s and 1960s) and Ghana have been highly taxed. And so were producers of palm oil, cotton and groundnuts when these were major export commodities. The effects of taxation coupled with hyperinflation and currency overvaluation have for instance compelled Ghanaian cocoa farmers to smuggle their goods for sale in nearby Ivory Coast, and Nigerian palm oil producers to smuggle their products to the Benin Republic where they can fetch higher prices.

(5) An examination of the agricultural subsidy programmes in both Nigeria and Ghana has shown that the real beneficiaries are the big-time commercial farmers - not the small-scale operators who dominate the agricultural scene and virtually feed the nations with what they can scrape out of the soil. This is a clear case of domestic institutional barriers to vertical equity.

(6) And, finally, it must be noted that, in both countries, the depressed state of agriculture has seriously undermined all industrialisation efforts no matter how well designed. To the extent that agriculture has

failed to provide the raw material base and steady food supply source to industry, the opportunities for conserving foreign exchange and generating employment on a sustained basis have been difficult to achieve.

From all indications, it is apparent that the problems of agriculture in both Nigeria and Ghana have not been adequately tackled. For instance, the problem of food shortage is still acute in the two countries. The depressed state of agriculture is likely to continue both in the medium and long term unless some fundamental restructuring of the sector is undertaken.

This restructuring programme should include:

(i) revamping the primary export commodities through distribution of high-yielding varieties of crops like cocoa, oil palm, rubber, cotton, etc.;

(ii) adopting a more equitable system of distribution of agricultural inputs like fertilisers and making credit accessible to poor farmers on reasonable terms;

(iii) adopting an effective land policy to ensure that farmers have access to optimal land sizes;

(iv) improvement in transportation infrastructure, especially in the rural areas;

(v) a policy of appropriate pricing structure that will sustain incentives for exportation, hence discourage smuggling;

(vi) to sustain equity and maintain the purchasing power of the farmers over time, prices of key primary commodities should be indexed against domestic inflation; and

(vii) review of the current tax structure which tends to penalise the farmers with the objective of replacing it with a more equitable system.

It should be noted, however, that efforts to revamp agriculture along the lines suggested require greater commitment of resources by the Government. But this invariably conflicts with government's drive to maximise revenue for other functions or services. Nevertheless, a solution can be explored. Experience has shown that past efforts to improve the performance of the agricultural sector were bedevilled by corruption and mismanagement by public officials. This tended to worsen the distributional equity within the agricultural sector. It would appear that the direct involvement of farmers, preferably through co-operative organisations, would minimise these problems.

3.2 Manufacturing

(1) The post-independence efforts at industrialisation adopted import-substitution in both Nigeria and Ghana. Experience in the two

countries has, however, shown that this strategy has led to domestic crisis in employment and equity because of their absolute dependence on importation of industrial inputs and, by implication, the failure to integrate manufacturing with the respective local economies. As the present recession has shown, a drastic shortfall in foreign earnings from oil and cocoa has meant a corresponding shortfall in imported inputs and hence retrenchment of industrial workers.

(2) Value-added by manufacturing in the two countries has been very low (6 per cent in Nigeria and about 4 per cent in Ghana). The basic reason for this is the high-cost business environment. In Nigeria, in particular, such costs are boosted by high wages in the public sector, frequent power failure and inept bureaucracy. Lagos, where about 40 per cent of the country's industries are located, for instance, is reported to be the costliest city in the world (Financial Punch, 6 November 1985).

(3) Employment absorption by manufacturing in both Nigeria and Ghana is very low. Ghanaian firms have been operating at about 25 per cent of their installed capacity in the last two decades, while their Nigerian counterparts have recently joined with about 60 per cent undercapacity utilisation. This capacity underutilisation adversely affects labour absorption.

(4) Small-scale enterprises tend to dominate the industrial scene, and these account for about 90 per cent of total industrial output and about 60 per cent of the workforce in Nigeria. Since this sector is squeezed most by economic recession, it has led to the growth of the informal sector where activities are not organised. The informal sector has been noted to be quite elastic in accommodating urban unemployed, even if inefficiently.

(5) Despite the high cost of doing business in Nigeria, surviving businesses are highly profitable by any standard. Rates of return on capital range from 20 per cent to 138 per cent. In Ghana, where the sector faces the constraint of aggregate demand, most business operators have gone back to eke out a living on the land. As the unemployment situation gets worse in the urban sector, the phenomenon of return migration to rural areas (yet to be quantified) seems to be emerging in the two countries.

(6) In both countries, most industries have been overprotected during the last two decades. This has led to extreme dependence on foreign raw materials and hence the neglect of the exploitation of local alternatives.

Since Nigeria's and Ghana's export-based ability to import for the purpose of fuelling import-substitution industrialisation is fast declining, it is difficult to see how import-intensive industrialisation efforts can be sustained in the medium and long term. If the future industrialisation effort is not based on domestic raw materials in particular, it is also difficult to see how this sector can substantially contribute to solving the problem of unemployment. The declining trend in industrial production as well as inability of the sector to absorb labour call for drastic changes in a more job-intensive and equitable direction.

3.3 The external sector

(1) The analysis of the external sectors of both Nigeria and Ghana has demonstrated that, before 1970, Nigeria's and Ghana's balances of trade had consistently shown substantial deficits, owing to a decline in world prices of agricultural exports and increases in import prices. Foreign exchange had therefore become a binding constraint in both countries' development efforts.

(2) There was a consistent decline in the quantum and value of agricultural exports of the two countries, especially in the post-1970 era. Export of crude petroleum moved into prominence in Nigeria in the 1970s, thereby leading to the virtual demise of her traditional agricultural export commodities. Ghana, however, continued to make do with her dwindling traditional agricultural exports since she had no alternative.

(3) Ghana has consistently experienced balance-of-payments problems, starting from the mid-sixties, and persisting through the seventies into the early eighties. The series of devaluations undertaken in a bid to reverse this sliding trend has so far proved ineffective.

(4) Nigeria's exports since the last decade have been dominated by a single commodity - oil, whose share of total export revenue since 1975 has averaged 95 per cent, with derived government revenue averaging about 80 per cent of the total. Similarly, Ghana has over the last two decades depended on cocoa as the major export revenue earner (67 per cent of total export revenue) and a major contributor to government revenue (averaging 34 per cent).

The monocultural orientation of the two economies has therefore made them highly vulnerable to external shocks, as experienced by the recession of the last four years. Unemployment problems in the two countries have worsened, mainly because of this precarious exposure.

(5) Nigeria in particular ran into a serious foreign exchange shortage problem after 1980, due principally to unexpected unfavourable developments in the world oil markets. In a frantic effort to maintain her import levels and other development commitments, she had to borrow from private markets with the attendant risk of high and variable interest rates. Efforts to cope with the debt burden resulted in a jump in the debt-service ratio from 6 per cent in the seventies to 44 per cent in 1984.

Ghana, on the other hand, got into a chronic balance-of-payments problem because of the collapse of the world cocoa market. Attempts to maintain essential import levels have only led to more debts. Her debt-service ratio has jumped from 5 per cent in 1970 to 14 per cent in 1983.

The external debt burden carried by the two countries has, although in varying degrees, substantially undermined their domestic efforts to promote employment.

(6) The positive impact of external loans incurred by the two countries, it must be stressed, has not been fully felt because they were used either for "white elephant" projects with long gestation periods or those of doubtful relevance to export promotion and infrastructure of the economy. In Nigeria, in particular, external loans have been mismanaged if not corruptly used for self-enrichment, especially by the civilian administration of 1979-83. The ways by which the loans were disbursed might have worsened equity.

Future prospects

Considering the importance of the external sector in this study, a more elaborate examination of the future prospects of trade and capital flows become pertinent. The following section discusses possibilities for Nigeria.

Export trends

Utilising the not too unreasonable assumption that the oil market and other Nigerian traditional export products will continue to weaken, following the trends revealed in tables 1 and 19 of Appendix I, the following are the projected Nigerian export trends up to the year 1990:

Year	Projected export revenue in N billion
1985	9.06
1986	7.88
1987	6.84
1988	5.95
1989	5.17
1990	4.49

The above projection shows that, if the experience of the last couple of years continues in the next five years, Nigeria's export earnings will drop from the present N9.06 billion to N4.49 billion in 1990.

Support for this grim prospect arises from the following considerations:

(i) Petroleum, which forms the bulk of Nigeria's export earnings, has experienced a weakening market since 1980. OPEC's control of the oil market has slipped from 60 per cent in the mid-1970s to less than 30 per cent now. Indeed, all indications point to a gradual demise of OPEC as an oil cartel. In the event of a final liquidation of OPEC, Nigeria's contribution to the global oil supply is so small that she is likely to remain a price taker.

(ii) Exports of traditional primary commodities had started taking a dip in the early 1970s, and even if the production of these commodities is resuscitated their weakening global market offers no firm prospects because of the increasing use of synthetic substitutes by industrial countries.

(iii) Exports of local manufactures had never risen up to 1 per cent of total supply of exports, and prospects for increasing manufactured exports are virtually nil owing to technological laggardness and a high-cost economic environment.

(iv) The growing protectionism on the part of the industrialised countries does not yield firm hopes for investment in export manufacturing to industrialists.

Import trends

Our import projections for Nigeria, based on the average growth coefficient derived by using data covering 1980 to 1984 (see table 2 in Appendix I), show the following trend up to 1990:

Year	Import values (N billion)
1985	6.69
1986	6.24
1987	5.82
1988	5.43
1989	5.06
1990	4.72

The plausibility of the above declining import trend can be established by the following considerations:

(i) The squeeze in foreign exchange resources has meant that imports will have to be progressively cut to accommodate only the essentials.

(ii) The discouraging signals generated by Nigeria's export-promotion strategy may lead to a more inward-looking or self-reliant strategy. In this circumstance, import substitution based on home-produced inputs becomes a likely possibility.

(iii) The mounting debt problem faced by Nigeria will eat progressively into the import budget, especially if the debt-servicing ratio, which now remains at 44 per cent, rises further. With dwindling proceeds from oil, whose daily production now stands at 1.45 million barrels, efforts might be undertaken to diversify the economic base with a heavy orientation for production for the expanding home (Nigerian) market. Already some industries have embarked on gigantic agricultural projects to source their raw material needs locally.

(iv) The future prospects for external capital flows are likely to be adversely affected by the following considerations:

(a) Foreign capital has been shown to be negatively associated with savings in most African countries (Umo, 1981, p. 68). Thus the savings gap-filling role of foreign investment is becoming increasingly questionable. The unpopularity of foreign savings gets tied up with the growing resentment towards multinationals, which are the main purveyors of these savings/investment flows.

(b) The mounting debt problems in Nigeria mean that external capital will be extremely cautious, since the immediate future of the economy is shrouded in uncertainty.

(v) With respect to Ghana, current problems in the external sector offer little or no hope for a possible turnaround in the global market for cocoa. If this is plausible, Ghana's ability to import will continue to decline. This grim prospect can be reversed if the current restructuring arrangement focuses attention on the diversification of the export base, especially from the mineral sector.

3.4 Government budget and IMF packages

(1) With the exception of four years, the Nigerian federal government budget has consistently been in deficit in the last 16 years (1970-85). The Ghanaian budget has consistently shown a growing deficit during the same period.

(2) In Nigeria, defence expenditure had consistently taken a substantial share of the budget, averaging 12 per cent per annum between 1970 and 1984 and 15 per cent in the last two years (see tables 1.5 and 1.6).

(3) The consistent budget deficit in both countries, coupled with drastic shortfalls in foreign exchange earnings following the global recession of the early eighties, led to the need to secure IMF loans. Ghana secured a loan in 1983 and has since started its economic restructuring programmes. Nigeria's protracted negotiations ended in a rejection of the loan at the end of 1985.

(4) The IMF economic restructuring programme in Ghana has so far not reversed the declining trends in the economy. This is evidenced by the

growing liquidity crunch, depressed aggregate demand, increased unemployment and worsening of distributional equity.

(5) Nigeria is using the 1986 budget to carry out restructuring programmes which were suggested by the IMF. The main features of the budget include a reduction in the petroleum subsidy by 80 per cent, revamping of the rural economy to make for national food sufficiency, diversification of the non-oil export base through a package of incentives, instituting wage cuts and imposing a surcharge on non-wage incomes, liberalising the foreign exchange rate regime, activating the use of the counter-trade mechanism and encouraging privatisation of government parastatals.

3.5 Equity and employment

(a) Equity

Some of the key issues highlighted by our analysis of equity in Nigeria and Ghana can be summarised as follows:

(1) Although salary reviews in Nigeria since 1975 have shown a substantial reduction in nominal wage gaps between the high-income and low-income employees, this apparent improvement in equity has been questioned by the following:

(i) increase in total income (fringe-benefit-adjusted) for the formal sector, with the Gini coefficient changing from 0.4 to 0.6;

(ii) erosion of the increase in the nominal minimum wage by double-digit inflation, which now stands at 40 per cent; and

(iii) increasing inflation in the rural areas vis-à-vis the urban areas.

Ghanaian data have also shown trends similar to the above. In particular, the rate of inflation in rural areas has consistently been higher than what is obtained in urban areas, thereby worsening spatial distributional equity.

(2) Highly subsidised investment in higher education in Nigeria explains about 72 per cent of the inequality in wage income distribution. This is traced to the inadvertent subsidy to the rich whose wards benefit more from higher education and the greater employment opportunities available to recipients of higher education.

(3) Migration from rural to urban areas has accelerated because of substantial differentials in rural-urban economic opportunities. About 800 migrants are estimated to arrive in Lagos daily on the average since 1981.

In the same vein, a substantial polarisation in income and economic opportunities has been observed for the Greater Accra Region in Ghana. This creates a situation where personal income inequality and spatial inequality converge to worsen the overall distributional equity.

(4) Analysis of intra-regional sectoral equity in Nigeria has shown that, within the rural/agricultural sector, distributional equity is better than within the urban/industrial sector. This same phenomenon has been observed for Ghana.

(5) A nutritionally acceptable food supply cannot reach the masses of the Nigerian poor because of problems of inadequate quantity, quality and distribution. The deplorable food situation in Ghana is also shown by the fact that the fulfilment of World Bank caloric requirements fell from 86 per cent in 1977 to 68 per cent in 1982. Inter-regionally, the towns have access to better nutrition than the rural areas in Ghana.

(6) Primary school enrolment in Nigeria has improved substantially since 1976, but the portents are disturbing since the quality of education is declining at the same time, at least in the sense of overcrowding. This same evidence was uncovered for Ghana, with the additional note that limited access to educational opportunities is glaringly evident in some regions.

(7) Several categories of health personnel have been on the increase in both Nigeria and Ghana since independence. However, in Nigeria, this increase has been accompanied by increasing incidence of fatal and debilitating diseases. In Ghana, like Nigeria, the health facilities are mainly concentrated in the urban areas, thereby making access to health delivery difficult, if not impossible, for distant rural dwellers.

(8) Overall, there seems to have been a more significant improvement in health delivery systems in Ghana than in Nigeria. Witness for instance the fact that Ghana's life expectancy for males was 57 years and 61 years for females in 1983. Comparable figures for Nigeria were 47 years and 50 years for males and females respectively. Additionally, the supply of safe drinking water to Ghanaian towns and villages is rated about amongst the best for countries in sub-Saharan Africa. The success in the water project is, however, traceable to the German and Canadian assistance that Ghana obtained in the 1970s.

(b) Employment

Unemployment is fast becoming a chronic macro-ailment in both Nigeria and Ghana, as evidenced by the following.

(9) In the last three years the estimated number of unemployed people in Nigeria was 2 million. The global recession has resulted in massive retrenchment of workers, especially in the private sector of the economy.

(10) Available data on Ghana point to a worsening unemployment situation over the last 15 years because of declining growth in potentially high-employment sectors like agriculture, industry, construction and mining.

(11) The unemployment problem in the sixties was basically that of the school leaver, i.e. of 15 to 22-year-olds (for both Nigeria and Ghana). In the seventies, the age structure of the unemployed shifted in an upward direction. In Ghana, for instance, the percentage of unemployed people in the age group 25-44 years was the highest. In Nigeria, the phenomenon of graduate unemployment has emerged in the last five years, and the increase in graduate unemployment is shown to be worsening the employment chances of non-graduates.

(12) Reverse urban-rural (return) migration has been observed for Nigeria in the last couple of years, but the specific causes and duration are yet to be empirically anchored. This same phenomenon has been observed for Ghana, where it is possible that it is an adjustment to long years of frustrating job search.

(c) Policy thrusts

(1) Since the failure of wage reviews to improve equity is partly due to the retention of fringe benefits of the rich and partly due to ignoring the inflationary factors, realistic equity-oriented policies must focus attention on these elements. More specifically, the fringe benefit components of wage packages for the higher-income brackets should be drastically reduced, especially in Nigeria.

Secondly, wages should be indexed against inflation. To further improve the equity of low-income workers, it may be necessary to adopt an indexation scheme which gives greater weight to their wages.

As was indicated earlier, efforts to improve equity via imposition of minimum wages tended to conflict with employment generation. It would appear that this conflict is avoidable under the following conditions:

(i) if by encouraging market forces (of supply and demand) to determine wages a significant proportion of the surplus labour can be absorbed; and

(ii) if the Government can provide basic needs like primary education, water, health, etc. at highly subsidised levels. This approach would promote horizontal equity without seriously undermining efficiency.

(2) The long-term effect of declining quality of education in public primary schools will be to undermine equity since it may render the recipients uncompetitive in both the labour market and educational careers. It is therefore not enough to promote equity through an increase in primary school enrolment. Adequate resources must also be provided to enhance the quality of primary education.

(3) The vertical inequality generated by highly subsidised investment in higher education can be reduce if government adopts a selective approach whereby only students from economically disadvantaged backgrounds are subsidised. This can be supplemented by instituting a student loan programme to further enhance access to higher education.

(4) The problem of rural-urban migration and polarised growth of large cities can be addressed by the adoption of a growth centre strategy (Umo, 1977). This has the advantage of decentralising polarised growth and creating employment/catchment areas for urban-bound migrants. Spatial equity will also be enhanced by this approach.

(5) Since the deteriorating food situation is directly linked to the depressed agricultural sector, the first policy priority should be to revamp agriculture with emphasis on local food production. Second, a programme of increased food supply, especially to the rural areas, should be backed up with programmes of nutrition education, possibly through extension workers.

(6) In view of the obvious problems of accelerating production of health personnel, as well as other health delivery inputs, the policy emphasis should be addressed to preventive health care vis-à-vis the curative which tends to be more expensive. This will necessitate extension of mass health-oriented basic educational programmes, especially in rural areas where access to curative facilities is in any case limited.

With respect to the curative programme, high dependence on imported drugs and the associated foreign exchange problems have undermined equity since the high cost of health delivery reduces accessibility to the poor. Efforts should therefore be made to manufacture drugs locally as well as researching into local (or traditional) medicine with a view to utilising their resources. To promote spatial equity, more health facilities should be located in the rural areas and adequate incentives given to health personnel accepting employment in these areas.

(7) The long-term solution to the unemployment problem depends on the success achieved in revamping and restructuring the economies of Nigeria and Ghana. Such a policy package must be largely domestic oriented in order to benefit from the multiplier effects of local investment.

Following some new structural patterns in the unemployment problem in Nigeria and Ghana, the following additional considerations are pertinent.

(8) To improve the efficiency of the labour market, especially in Nigeria, there is a need to adopt firm measures to fight employment prejudices and impediments based on ethnic and religious factors. This will encourage labour mobility, efficiency and equity throughout the country.

(9) Discriminatory tax holidays in favour of labour-intensive manufacturing can be given as positive inducements to encourage firms to opt for labour-intensive technology.

(10) The dilemma of the existence of much work begging to be executed while most people stay jobless in Nigeria and Ghana can be partially solved through public works programmes. Unemployed workers can be engaged in programmes of road construction, irrigation, water control, reafforestation, etc. A combination of both capital- and labour-intensive approaches can be helpful in this regard. Modern technology can for instance be used for constructing the trunk roads, while labour-intensive techniques are used for their maintenance and for constructing the feeder roads.

The voluntary contribution of labour, where an honorarium is paid for carrying out community development programmes, can also be encouraged. Government can support this by giving the needed inputs and by making organisational arrangements.

(11) Some of the proposals for both employment and equity have international aid or financing implications. It should for instance be possible for aid donors to take into explicit account the employment and equity implications of the aid projects they are sponsoring.

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APPENDIX I
(Tables)

TABLE 1

THE STRUCTURE OF NIGERIA'S EXPORTS
1960 - 1984 (₦ million)

Year	Agricultural	Manufactures	Petroleum	Total
1960	278.8 (82.1)	35.5 (10.4)	8.8 (2.6)	339.4
1965	311.5 (58.0)	56.7 (10.6)	136.2 (25.4)	536.5
1970	265.2 (30.0)	74.4 (8.4)	510.0 (57.6)	885.4
1975	230.6 (4.6)	53.8 (1.2)	4565.1 (92.7)	4,925.5
1976	274.2 (4.1)	58.9 (0.8)	6321.3 (94.2)	6,709.8
1977	375.7 (4.9)	84.1 (1.1)	7072.8 (92.7)	7,630.7
1978	412.8 (6.8)	42.8 (0.7)	5401.6 (89.1)	6,064.4
1979	468.0 (4.3)	42.6 (0.3)	9850.5 (90.9)	10,836.8
1980	340.1 (2.4)	39.0 (0.2)	13505.5 (95.9)	14,077.0
1981	178.4 (1.6)	71.2 (0.6)	10680.6 (96.9)	11,023.3
1982	92.0 (1.01)	90.2 (1.0)	8601.6 (97.9)	8,783.8
1983	274.9 (3.6)	4.2 (0.2)	7201.2 (94.3)	7,636.6
1984	288.8 (3.1)	1.8 (0.04)	8840.6 (96.8)	9,131.2

( ) = terms in brackets are percentages.

Source: Central Bank of Nigeria: Annual Report and Statement Report and Statement of Accounts 1970 - 1984. Federal Office of Statistics, Annual Abstract of Statistics, 1964, 1970 and 1975.

TABLE 2

The Structure of Nigeria's Imports 1970-1984 (₦ million)

Year	Consumer Goods		Capital Goods and Raw Materials		Total
	Value	%	Value	%	
1970	217.8	28.8	538.6	71.2	756.4
1975	1134.0	30.5	2587.5	69.5	3721.5
1976	1567.6	30.5	3572.1	69.5	5139.7
1977	2086.0	28.5	5057.7	71.5	7093.7
1978	2380.4	29.0	5368.4	71.0	8211.7
1979	2104.1	28.2	5368.4	71.8	7472.5
1980	3824.6	39.6	5833.5	60.4	9658.1
1981	5333.9	44.4	6679.3	55.6	12,013.2
1982	4480.5	41.6	6336.1	57.9	10,770.5
1983	3700.8	41.6	5194.0	58.3	8903.7
1984	2656.7	37.0	4500.5	62.7	7178.3

Sources: Federal Office of Statistics (FOS) Annual Abstract of Statistics, 1975; Central Bank of Nigeria, Annual Reports and Statement of Accounts 1975-1984

TABLE 3

DEBT SERVICE IN NIGERIA 1975-1984 (₦ MILLION)

Year	Principal	Interest	Total	Debt-Service* Ratio (%)
1975-77 (Average)	14.9	17.3	32.2	0.5
1978	66.1	94.2	160.8	2.7
1979	65.7	117.2	182.9	1.7
1980	6.2	104.2	110.4	0.8
1981	211.3	307.2	518.5	4.7
1982	321.2	454.0	775.2	8.9
1983	565.1	771.9	1337.0	17.5
1984	1752.0	763.1	2515.1	27.6
1985 (estimates)	1980.0	849.0	2921.5	45.0
1986 (projections)	2296.6	742.7	3039.4	46.8

*Debt Service ratio = principal plus interest repayment divided by total export earnings.

Source: E.C. Anusionwu, "The Nigerian Economy and the IMF loan/conditionalities: Some Notes on the Evolution of the Problems and Pertinent Economic Issues" A paper presented at the Symposium of Professional Economists Organised by the Department of Economics, University of Lagos, Oct. 31, 1985, p. 8.

TABLE 4

GHANA'S EXPORTS OF DOMESTIC PRODUCE 1974-1981 (MILLION CEDIS)

Year/Type	1974	1975	1976	1977	1978	1979	1980	1981
Cocoa Beans	439.1	551.4	515.5	679.7	645.6	1846.3	1949.3	1103.1
Cocoa Paste	10.7	11.2	13.1	35.4	30.8))	183.2	230.7	92.6
Cocoa Butter	85.6	74.4	64.5	82.2	49.0)			
Timber (Logs)	63.9	49.1	47.5	62.5	38.6))	116.6	92.5	99.0
Timber (Sawn)	42.2	34.6	32.5	29.7	24.7)			
Bauxite	3.5	4.3	4.0	2.5	4.7	7.9	8.6	7.1
Manganese	10.5	17.1	19.7	18.8	15.9	29.2	26.3	21.9
Diamond	14.6	12.7	12.7	15.5	19.6	30.1	27.6	22.6
Gold	109.8	87.3	82.5	72.4	59.5	208.4	522.9	435.5
Aluminium	96.7	99.7	107.6	156.4	103.9	-	-	-
Others	40.3	53.3	48.7	54.1	30.1	-	-	-
Total	916.9	995.0	948.2	1,209.2	1,019.3	2,421.7	2,857.9	1,781.1

Sources: Ghana Economic Survey, 1977-1980. Quarterly Digest of Statistics, CBS, 1972-1984.

TABLE 5

POPULATION PER HEALTH MANPOWER/HOSPITAL BED IN NIGERIA: 1960-1979

YEAR	Registered Medical Practitioner	Registered Dentist	Registered Veterinary Surgeon	Registered Nurse (R.N./SRN)	Registered Midwife (RM/SCM Only)	Registered Pharmacist	Registered Medical Lab. Technologist	Radiographer	Hospital Bed
1960	47,330	1,042,240	963,580	8,600	25,000	94,220	1,702,330	1,702,330	2,520
1961	44,200	1,007,330	918,960	8,070	22,500	94,550	1,309,520	1,636,900	2,580
1962	39,680	926,300	994,920	7,560	20,710	92,150	1,053,440	1,535,000	2,440
1963	34,990	933,980	993,980	6,980	18,480	89,170	984,000	1,530,680	2,410
1964	31,810	957,950	734,000	6,530	16,510	86,690	819,120	1,487,340	2,250
1965	29,260	805,140	579,700	6,100	14,660	87,570	682,000	1,486,410	2,310
1966	27,860	725,100	1,061,750	5,730	12,810	88,480	594,580	1,486,450	2,280
1967	30,770	896,830	685,220	5,490	11,860	85,530	586,390	1,452,000	2,300
1968	28,690	868,750	658,420	5,380	11,050	74,380	558,480	1,359,780	2,230
1969	26,390	772,950	616,880	5,220	10,170	74,080	572,810	1,087,370	2,310
1970	24,530	692,660	480,310	5,040	9,190	75,630	582,320	940,000	2,210
1971	23,450	562,430	370,830	4,790	8,290	74,170	319,860	794,000	1,940
1972	22,240	558,260	303,610	4,460	7,520	68,880	284,870	699,230	1,620
1973	19,640	503,550	267,930	4,420	6,930	62,230	229,780	559,100	1,640
1974	19,240	482,280	210,470	4,310	6,210	57,340	223,390	527,710	1,540
1975	17,580	444,600	190,060	4,170	5,710	50,400	180,850	444,600	1,380
1976	15,720	420,940	188,700	4,000	5,480	35,440	189,630	440,290	1,370
1977	13,890	368,810	157,430	3,770	4,930	33,020	134,100	392,780	1,360
1978	10,670	290,840	140,850	3,580	4,640	31,720	88,240	322,250	1,310
1979	12,550	307,140	111,650	3,360	4,200	29,720	76,290	275,400	1,180

Source: Federal Ministry of National Planning, Fourth National Development Plan 1981-85, Vol. 1, p.287.

TABLE 6

NIGERIA: HEALTH INDICATORS

	1980	1981	1982	1983
Availability of Health Facilities				
Number of Hospitals	787	800	806	850+
Population Per Hospital Bed	1,510	1,433	1,469	1,496
Number of Doctors	8,037	10,399	9,623	11,294
Population per Doctor	10,543	8,356	9,260	8,059
Number of Maternity Centres (M.C.)	2,273	2,320	2,335	2,365+
Women of Child-Bearing Age per M.C.	7,456	7,490	7,568	7,645+
Women of Child-Bearing Age per Midwife	606	576	526	596+
Number of Dispensaries	3,355	3,448	3,447	3,648+
Population Per Dispensary	25,255	25,202	26,406	2,693+
Number of Dentists	285	379	425	588
Key Health Indicators				
Major Notifiable Diseases (cases reported)				
Malaria	1,171,071	1,471,561	1,147,518	1,273,090
Dysentery	293,749	293,747	272,079	251,241
Measles	129,671	129,671	139,785	136,778
Pheumonia	114,692	114,692	96,364	99,070
Gonorrhoea	68,087	68,087	56,731	53,732
Whooping Cough	56,913	56,913	77,830	70,024
Chickenpox	26,384	26,384	34,573	41,203
Filariasis	27,521	27,521	14,640	14,970
Schistosominasis	14,662	41,662	40,628	41,889
Tuberculosis	10,838	10,949	10,949	10,212

Vital Statistics	
Infant Mortality Rate	120, Per 1,000 Population*
Crude Birth Rate	45 Per 1,000 Population+
Crude Death Rate	20 Per 1,000 Population*

Source: Federal Ministry of Health.

Note: * According to 1966 Demographic Survey.
+ Estimates by Federal Office of Statistics.

Source: Federal Office of Statistics, Lagos, Economic and Social Statistics Bulletin, Jan. 1985, p. 36.

TABLE 7

GHANA: Imports of Agricultural Inputs - 1975-1979

Item Description	Unit	1975		1976		1977		1978		1979	
		Quantity	Value ₵ 000	Quantity	Value ₵ 000	Quantity	Value ₵ 000	Quantity	Value ₵ 000	Quantity	Value ₵ 000
Agricultural Tractors	No Hun. Kg.	514 26,385	8,318	755 29,065	14,352	977 37,698	16,961	1,208 52,144	17,281	500 198,916	28,096
Fertilizers	Tonne	3,921	720	20,152	1,670	13,060	1,492	10,291	1,631	33,563	10,145
Insecticides	Hun. Kg.	23,220	3,613	24,382	3,547	15,858	5,088	3,977	3,325	16,708	30,402
Spraying Machines	Hun. Kg.	6,848	2,932	7,875	2,396	4,353	3,077	1,382	2,099	1,992	7,768
Herbicides	Hun. Kg.	2,347	130	3,527	85	287	115	21	14	415	443

Source: Kodwo Ewusi, the dimensions and Characteristics of Rural Poverty in Ghana, ISSER Technical Publications No. 43, April 1984 p. 66.

TABLE 8

NUMBER OF EDUCATIONAL INSTITUTIONS (GHANA)

ISTITUTIONS	1964/65	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71	1971/72	r*	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81	r*
imary Schools	7,900 (77.94)	8,444 (76.68)	7,913 (75.59)	7,480 (69.89)	7,239 (67.94)	7,008 (65.83)	7,293 (65.95)	6,684 (63.49)	-0.02	6,966 (62.47)	7,248 (62.24)	7,229 (61.83)	7,658 (62.45)	7,750 (62.16)	N.A.	0.03
idle Schools	2,089 (20.61)	2,277 (21.44)	2,346 (22.41)	3,017 (28.19)	3,201 (30.04)	3,422 (32.15)	3,546 (32.06)	3,607 (34.26)	0.08	3,988 (34.87)	4,128 (35.45)	4,193 (35.87)	4,158 (33.91)	4,342 (34.83)	N.A.	0.03
nior Secon- ry Schools	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	185 (1.51)	110 (0.88)	118 (97.52)	-0.22
condary nools	89 (0.88)	105 (0.99)	103 (0.98)	104 (0.97)	108 (1.01)	115 (1.08)	122 (1.10)	139 (1.32)	0.06	169 (1.52)	178 (1.53)	183 (1.57)	185 (1.51)	192 (1.54)	N.A.	0.03
acher Training lleges	47 (0.46)	84 (0.79)	83 (0.79)	82 (0.77)	83 (0.78)	76 (0.71)	74 (0.67)	74 (0.70)	0.06	97 (0.87)	60 (0.52)	54 (0.46)	44 (0.36)	41 (0.33)	N.A.	-0.22
mmercial hools	-	-	13 (0.12)	9 (0.08)	9 (0.08)	9 (0.08)	9 (0.08)	9 (0.09)	-0.07*							
chnical & Voca- onal Instis	11 (0.11)	11 (0.10)	11 (0.11)	11 (0.10)	15 (0.14)	15 (0.14)	15 (0.14)	15 (0.14)	0.04	28 (0.25)	29 (0.25)	29 (0.25)	29 (0.24)	29 (0.23)	N.A.	0.01
iversities										3 (0.03)	3 (0.03)	3 (0.03)	3 (0.02)	3 (0.02)	3 (2.48)	0.00
ant Total	10,136	10,621	10,469	10,703	10,655	10,645	11,059	10,528		11,151	11,646	11,691	12,262	12,467	121	

ource: Ghana Education Statistics 1970-72 & 1975-81.

r* Growth rate for 1964/65 - 1971/72 & 1975/76 - 1980/81.

( ) Figures in brackets are percentages.

TABLE 9

ENROLMENT IN EDUCATIONAL INSTITUTIONS (GHANA)

INSTITUTIONS	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81	r
Primary Schools	1,157,303	1,213,291	1,246,482	1,295,525	1,335,463	1,379,030	0.04
Middle Schools	451,462	464,614	474,344	489,209	522,170	528,727	0.03
Secondary Schools	81,258	87,265	92,867	99,616	103,998	N.A.	0.06
Technical and Vocational Institutions*	18,919	21,204	19,684	21,378	N.A.	N.A.	0.04
Teacher Training Colleges	10,847	9,806	11,656	11,381	N.A.	N.A.	0.02
Universities	7,179	7,810	8,201	8,455	8,286	7,926	0.02

*Include Business and Commercial Schools.

r = Growth Rate for the relevant period.

Source: Ghana Eduoation Service & Council for Higher Education and the Universities.

TABLE 10

NIGERIA: Unemployment Rates in 1974 and 1976

Urban Centres	Unemployment Rate 1974	Rate % 1976
Lagos	7.2	6.2
Ibadan	5.7	4.1
Enugu	11.5	9.0
Jos	6.2	5.6
Port-Harcourt	13.3	8.6
Average	8.78	6.7

Source: Third Progress Report on the Third National Development Plan 1985 - 80. Lagos: Federal Office of Statistics p. 37.

TABLE 11

THE NIGERIAN LABOUR MARKET, 1980

CATEGORY	1980 No. (Million)	1980 Percent Share
1. Labour Force	32.20	-
2. Unemployment Gap	1.40	4.4*
3. Gainful Occupation:	30.80	-
(a) Agriculture Sector	18.48	60.0
(b) Non-Agriculture Sector	12.32	40.0
(i) Large and Medium-size Establishments	2.25	18.3
(ii) Small-Scale Enterprises	10.47	85.0
4A. Wage Employment (by Sector)	3.00	9.7
(a) Agriculture Sector	0.26	8.7
(i) Large and Medium-sized Establishments	0.12	46.2
(ii) Small-Scale Enterprises	0.14	53.8
(b) Non-Agriculture Sector	2.74	91.3
(i) Large and Medium-sized Establishments	2.01	73.4
(ii) Small-Scale Enterprises	0.73	26.6
4B. Wage Employment (by size of Establishments)	3.00	
(a) Large and Medium-sized Establishments	2.13	71.0
(i) Agriculture Sector	0.12	5.6
(ii) Non-Agriculture Sector	2.01	94.4
(b) Small-Scale Enterprises	0.87	29.0
(i) Agriculture	0.14	16.1
(ii) Non-Agriculture	0.73	83.9
5. Self-Account, Unpaid Household Workers and Unpaid Apprentices	27.80	90.3
(a) Agriculture Sector	18.30	66.0
(b) Non-Agriculture Sector	9.50	34.0

* Unemployment rate.

Source: Federal Ministry of National Planning, Fourth National Development Plan, 1981-85 p. 426.

TABLE 12

NIGERIA: DISTRIBUTION OF TOTAL EMPLOYEES BY INDUSTRIAL SECTOR AND STATE

Industrial Sector State	Agric.	Mining and Quarrying	Manufacturing and Processing	Electricity, Gas and Water	Construction	Commerce	Transport and Communication	Finance Insurance etc.	Community and Social Services	Total	Percentage Share
Anambra	89	3,346	3,368	576	2,861	634	7,343	68	15,382	33,667	3.9
Bauchi	-	-	699	413	635	358	3,478	336	25,860	31,779	3.7
Bendel	166	-	10,212	358	394	302	1,529	2,516	5,431	20,908	2.4
Benue	5,600	-	1,169	-	159	9	-	71	5,641	12,649	1.5
Borno	5	-	510	-	2,421	289	-	57	19,735	23,012	2.7
Cross River	5,379	-	8,136	1,746	1,596	446	1,842	385	31,049	51,179	6.0
Gongola	8,372	-	3,014	2,158	157	195	-	604	17,238	31,738	3.7
Imo	5,109	52	4,477	68	1,185	769	4,278	604	52,591	69,133	8.1
Kaduna	111	28	3,676	476	1,521	2,173	816	654	29,258	38,713	4.5
Kano	527	-	2,212	-	5,024	935	114	110	22,103	31,025	3.6
Kwara	10,074	35	358	809	813	35	5,040	583	15,095	33,142	3.9
Lagos	561	-	47,812	2,655	8,296	13,730	125,801	30,511	11,218	240,584	28.0
Niger	60	-	-	305	-	201	-	46	15,269	15,881	1.8
Ogun	562	-	383	1,761	1,408	45	1,045	90	8,844	14,138	1.6
Ondo	568	-	1,269	-	14	149	13	2,336	41,862	46,211	5.4
Oyo	2,095	-	4,642	383	993	758	767	739	77,611	87,948	10.2
Plateau	133	-	327	257	-	242	-	48	3,265	4,272	0.5
Rivers	2,366	2,280	1,368	-	1,844	726	3,453	1,633	40,063	53,733	6.3
Sokoto	-	-	2,297	-	215	-	-	-	16,460	18,972	2.2
ALL STATES	41,732	5,741	95,929	11,965	29,536	21,996	155,519	41,691	454,575	858,684	100.0
% SHARE	4.9	10.7	11.2	1.4	3.4	2.6	18.1	4.8	52.9	100.0	-

TABLE 13

SECTORAL SHARE OF EMPLOYMENT AND RETRENCHMENT IN NIGERIA IN 1983

Sector	% Share of Employees	% Share of Retrenched Staff
Construction	3.4	37.3
Commerce	2.6	6.0
Manufacturing and Processing	11.2	24.7
Electricity, Gas and Water	1.4	0.2
Agriculture	4.9	2.4
Transport and C Communications	18.1	2.9
Community, Social and Personal Services	52.9	17.6

Source: Report of the Shuttle Employment Inquires, 1983, Lagos, Federal Government Press 1984, p. 13.

TABLE 14

NIGERIA: DISTRIBUTION OF EMPLOYED GRADUATES (OCTOBER 1983) BY STATE

STATE	University Graduates Employed	Polytechnic Graduates Employed	University and Polytechnic Graduates	
	No.	No.	No.	% Share
Anambra	1,828	727	2,555	7.5
Bauchi	1,090	117	1,207	3.6
Bendel	959	212	1,171	3.4
Benue	350	983	1,333	3.9
Borno	1,044	358	1,402	4.1
Cross River	753	617	1,370	4.0
Gongola	573	506	1,079	3.2
Imo	988	224	1,212	3.6
Kaduna	650	494	1,144	3.4
Kano	356	213	569	1.7
Kwara	3,695	1,518	5,213	15.4
Lagos	2,770	982	3,752	11.0
Niger	666	2,474	3,140	9.3
Ogun	585	439	1,024	3.0
Ondo	408	148	556	1.6
Oyo	1,515	1,482	2,997	8.8
Plateau	98	12	110	0.3
Rivers	1,382	293	1,675	4.9
Sokoto	1,316	1,146	2,462	7.3
TOTAL	21,026	12,945	33,971	100.0

TABLE 15

RECORDED EMPLOYMENT BY SECTORS (AT END OF YEAR) (000s) (GHANA)

INDUSTRY	PUBLIC SECTOR 1972	1973	1974	1975+	1976+	1977+	1978+	1979
Agriculture, Forestry and Fishing	46.3 (12.94)	49.1 (15.55)	56.3 (18.74)	59.4 (17.84)	63.3 (19.56)	63.3 (19.33)	73.5 (23.14)	71.0 (21.19)
Mining and Quarrying	15.3 (4.28)	10.7 (3.39)	13.4 (4.46)	20.9 (6.28)	11.7 (3.61)	10.9 (3.33)	10.1 (3.18)	22.9 (6.84)
Manufacturing	12.2 (3.41)	16.8 (5.32)	18.4 (6.12)	14.9 (4.47)	16.6 (5.13)	9.6 (2.93)	9.0 (2.83)	9.2 (2.75)
Construction	37.3 (10.43)	29.0 (9.19)	38.2 (12.72)	25.7 (7.72	19.9 (6.15)	19.2 (5.86)	18.9 (5.95)	17.1 (5.10)
Electricity, Water & Sanitary Ser Services	16.5 (4.61)	13.6 (4.31)	13.2 (4.39)	9.0 (2.70)	8.1 (2.50)	8.5 (2.60)	8.7 (2.74)	-
Commerce	20.6 (5.76)	26.5 (8.39)	28.6 (9.52)	19.0 (5.71)	16.1 (4.97)	26.2 (8.00)	24.6 (7.75)	16.9 (5.04)
Services	129.0 (36.06)	128.4 (40.67)	140.4 (46.74)	150.1 (45.08)	172.9 (53.41)	161.6 (49.36)	172.4 (54.28)	192.4 (57.43)
Transport, Storage & Communications	33.9 (9.48)	24.7 (7.82)	28.0 (9.32)	23.0 (6.91)	26.3 (8.12)	18.9 (5.77)	17.2 (5.42)	16.9 (5.04)
Total	357.7	315.7	300.4	333.0	323.7	327.4	317.6	335.0

INDUSTRY	PRIVATE SECTOR 1972	1973	1974	1975	1976	1977	1978	1979
Agriculture, Forestry and Fishing	5.2 (4.78)	5.4 (4.83)	4.1 (3.63)	3.9 (3.62)	3.3 (3.20)	3.0 (2.84)	3.0 (3.06)	2.9 (2.47)
Mining and Quarrying	12.8 (11.76)	13.6 (12.16)	11.4 (10.08)	0.7 (0.65)	0.8 (0.78)	1.2 (1.14)	1.3 (1.33)	1.1 (0.94)
Manufacturing	41.7 (38.33)	41.6 (37.21)	46.7 (41.29)	44.1 (40.95)	44.88 (43.41)	45.0 (42.65)	45.5 (46.48)	67.6 (57.48
Construction	12.8 (11.76)	11.3 (10.11)	12.1 (10.70)	17.6 (16.34)	17.1 (16.57)	17.4 (16.49)	13.3 (13.59)	11.4 (9.69
Electricity, Water & Sanitary Ser Services	-	-	-	-	-	-	-	-
Commerce	15.2 (13.97)	17.1 (15.30)	17.0 (15.03)	14.8 (13.74)	15.3 (14.83)	20.0 (18.96)	20.0 (20.43)	15.5 (13.18
Services	19.3 (17.74)	20.6 (18.43)	20.0 (17.68)	24.3 (22.56)	19.9 (19.28)	16.5 (15.64)	12.6 (12.87)	18.2 (15.4
Transport, Storage & Communications	1.8 (1.65)	2.2 (1.97)	2.3 (2.03)	92.3 (85.70)	2.3 (2.23)	2.0 (1.90)	2.2 (2.25)	1.9 (1.6
Total	308.8	111.8	113.1	107.7	103.2	105.5	97.9	117.[illegible]

(1) Covers establishments employing ten or more persons + Provisional Source: Quarterly Digest of Statistics Vol. 1 No. 3 December, 1981.

( ) = figures in brackets are percentages.

Table 16

NIGERIAS POPULATION (BY SECTOR AND AGE) 1980 - 2000

Sector/Age Distribution	Population in 1980 (Official National Population Bureau Estimate) (ONPBE	1985 (ONPBE)	Assumed Growth Rate for our Projection	Projections (mills) 1990	1995	2000
Total Population	84,445,728	95,689,546	3%	113.93	132.4	153.8
Urban - Rural Distribution						
Urban	13,608,785	15,420,774	5%	22.44	28.81	37.0
Rural	70,836,943	80,268,772	3%	95.63	111.09	129.08
Age Distribution						
Less than 6 years of age	17,302,335	19,606,114	3%	23.35	27.13	31.52
Primary Ages (6 - 11 years)	13,952,083	15,809,781	2.5%	17.91	20.39	23.0
Secondary Ages (12 - 17 years)	10,284,419	11,653,774	2.5%	13.20	15.02	16.95
Age 15 and over	48,153,083	54,564,591	3%	65.0	75.51	87.73

Source: Projection's by Authors based on data from National Population Bureau Estimates (NPBE) in Economic and Social Statistics Bulletin January 1985, Lagos, Federal Office of Statistics, p. 1.

TABLE 17

NIGERIA'S GROSS DOMESTIC PRODUCT BY INDUSTRIAL (1976/77-1983) AT CONSTANT (1977/78) PRICES

N'million

	1976/77	1977/78	1978/79	1979/80	1980	1981	1982	1983
Agriculture	6,838.44	7,305.32	6,673.66	5,785.83	6,071.01	5,720.71	6,495.69	6,155.00
Crops and Other	5,758.74	6.163.02	5,495.07	4,679.80	4,947.66	4,582.68	5,341.30	5,130.13
Livestock	1,079.70	1,142.30	1,178.59	1,106.03	1,123.55	1,138.03	1,154.30	1,024.87
Mining and Quarrying	7,696.27	7,904.96	7,073.71	8,240.06	7,406.68	5,302.07	4,645.27	4,461.45
Petroleum	6,978.98	7,071.60	6,449.37	7,635.51	6,748.22	4,613.09	4,071.74	3,966.16
Other	717,29	833.36	624.34	604.55	658.46	688.98	573.53	495.29
Manufacturing	1,463.59	1,554.96	1,778.44	1,908.55	2,244.76	2,458.26	2,526.54	2,216.71
Electricity, Gas and Water	85.20	98.66	110.30	136.83	143.25	169.50	189.35	199.42
Construction	2,560.75	2,990.84	2,875.88	2,778.83	3,056.00	3,204.08	2,674.46	2,312.20
Transportation	955.32	987.13	1,026.81	1,101.16	1,247.04	1,390.89	1,457.21	1,230.90
Communication	51.16	52.15	56.88	61.13	64.36	67.09	66.62	68.72
Wholesale and Retail Trade	6,020.79	6,771.71	6,030.85	5,652.52	6,432.05	6,831.63	6,236.52	5,956.83
Housing	1,065.57	1,081.44	1,074.37	1,077.22	1,091.50	1,105.88	1,120.78	1,070.84
Government Services	1,640.62	1,676.60	1,650.86	1,584.32	1,687.48	2,150.75	2,280.37	2.143.03
Other Services	770.42	859.63	827.98	806.13	790.84	1,042.21	1,189.10	1,225.64
GDP at Factor Cost	29,148.13	31,283.40	29,179.74	29,132.58	30,234.97	29,443.07	28,881.82	27,040.74
Net Indirect Taxes	1,064.91	1,226.96	1,330.60	904.70	850.57	923.16	978.31	820.54
GDP at Market Prices	30,213.04	32,510.36	30,510.34	30,037.28	31,085.54	30,366.23	29,860.13	27,861.28

Source: Federal Office of Statistics, Lagos.

TABLE 18

NIGERIA'S GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN (1976/77-1983) AT CONSTANT 1977/78 PRICES (GROWTH RATE)

Percent

	1976/77	1977/78	1978/79	1979/80	1980	1981	1982	1983
Agriculture, Total	-1.57	6.83	-8.65	-13.30	4.93	-5.77	13.55	-5.24
Crops and Others	-3.60	7.02	-10.84	-14.84	5,72	-7.38	16.55	-3.95
Livestock	10.95	5.80	3.18	-6.16	1.57	1.31	1.43	-11.21
Mining and Quarrying	22.62	2.71	-10.52	16.49	-10.11	-28.42	-12.39	-3.96
Petroleum	18.83	1.33	-8.80	18.39	-11.62	-31.64	-11.74	-2.59
Others	77.63	16.18	-25.08	-3.17	8.92	4.64	-16.76	-13.64
Manufacturing	23.35	6.24	13.37	7.32	17.62	9.51	2.78	-12.26
Electricity, Gas and Water	-0.87	15.80	11.80	24.05	4.69	18.32	11.71	5.32
Construction	32.51	16.80	-3.84	-3.37	9.97	4.85	-16.53	-13.55
Transportation	3.81	3.33	4.02	7.24	13.25	11.54	4.77	-15.53
Communication	16.64	1.94	9.07	7.47	5.28	4.24	-0.70	3.15
Wholesale and Retail Trade	11.57	12.47	-10.94	-6.27	13.79	6.21	-8.71	-4.48
Housing	1.73	1.49	-0.65	0.27	1.33	1.32	1.35	-4.46
Government Services	3.77	2.19	-1.54	-4.03	6.51	27.45	6.03	-6.02
Other Services	4.16	11.58	-3.68	-2.64	-1.90	31.79	14.09	3.07
GDP at Factor Cost	11.43	7.33	-6.72	-0.16	3.78	-2.62	-1.91	-6.37
Net Indirect Taxes	-10.51	+15.22	8.45	32.01	-5.98	8.53	5.97	-16.13
GDP at Market Prices	10.48	7.60	-6.15	-1.55	3.49	-2.31	-1.67	-6.69

Source: Federal Office of Statistics, Lagos.

TABLE 19

GROWTH OF NIGERIA'S MERCHANDISE TRADE 1960-1984
(₦' million)

Year	Exports	Imports	Balance of Trade
1960	339.4	431.8	-92.4
1965	536.5	550.8	-14.3
1970	885.4	756.4	+129.0
1971	1393.4	1075.1	+318.3
1972	1348.2	986.2	+362.0
1973	2143.6	1220.9	+922.7
1974	5794.8	1737.3	+4057.5
1975	4925.5	3721.5	+1204.0
1976	6709.8	5139.7	+1570.1
1977	7630.7	7093.7	+537.0
1978	6064.4	8211.7	-2147.3
1979	10836.8	7472.5	+3364.3
1980	14077.0	9658.1	+4418.9
1981	11023.3	12013.2	-989.9
1982	8722.5	10770.5	-2048.0
1983	7616.5	8903.7	-1287.2
1984	9131.2	7178.3	+1952.9

Sources: (1) Annual Abstract of Statistics, F.O.S. Lagos 1975 and 1982 Editions.

(2) Central Bank of Nigeria Annual Reports and Statement of Account 1976 to 1984.

Table 20

Oil Sector and Total Export Trade of Nigeria 1970 to 1984

Year	Total Exports in ₦ Mill	Oil Sector PPetroleum Exports in ₦ mill	Non oil Exports in ₦ mill	Ratio of oil to (Total) Exports (%)
(1)	(2)	(3)	(4)	(5)
1970[1]	885.4	510.0	375.4	57.6
1971[1]	1,293.4	953.0	340.4	73.7
1972[1]	1,434.2	1,176.2	258.0	82.0
1973[1]	2,278.4	1,893.5	384.9	83.1
1974[1]	5,794.8	5,365.7	429.1	92.6
1975[1]	4,925.5	4,563.7	362.4	92.7
1976[1]	6,751.1	6,321.6	429.5	93.6
1977[1]	7,630.6	7,072.8	557.8	92.7
1979[1]	10,836.8	10,166.8	670.0	93.8
1980[1]	14,077.0	13,523.0	554.0	96.1
1981[1]	10,470.1	10,280.3	189.8	98.2
1982[2]	9,268.2	8,583.8	684.4	92.6
1983[2]	7,916.7	7,337.4	579.3	92.7
1984[3]	-	-	-	-

Sources: 1. Calculation from Central Bank of Nigeria, Nigerias <u>Principal Economic and Financial Indicators 1970-1982</u>

2. Federal Office of Statistics, Economic and Social Statistics Bulletin - January 1985, Lagos, p. 18.

3. Mean for 1980 to 1983.

TABLE 21

COMPOSITION OF IMPORTS OF NIGERIA (1975-82)

N'Million

	1975	1976	1077	1978	1979	1980	1981	1982
VALUE , CURRENT PRICES:								
By S.I.T.C. Section								
0. Food and live Animals	297.9	440.9	736.4	1,027.1	952.4	1,049.0	1,820.2	1,642.2
1. Beverages and Tobacco	48.0	64.0	133.4	52.3	8.1	12.8	16.5	16.4
2. Crude Magerials (excl. Fuels)	73.7	78.9	78.5	108.8	117.4	164.1	218.9	207.7
3. Fuels and Lubricants	100.2	175.0	128.6	157.0	126.8	118.7	151.1	151.5
4. Oils and Fats	8.9	24.7	47.0	81.3	98.0	96.3	128.7	151.4
5. Chemicals	333.2	397.0	498.4	640.2	647.0	881.0	1,220.4	981.6
6. Manufactures (by Materials)	1,008.0	1,136.2	1,561.2	1,873.6	1,442.6	1,929.4	2,540.7	2,137.0
7. Machinery and Equipment	1,561.9	2,444.7	3,386.8	3,562.8	2,401.8	3,363.1	5,548.1	4,169.9
8. Miscellaneous Manufactures	278.2	371.8	510.3	624.2	349.6	590.0	947.7	642.3
9. Others	11.5	15.3	9.1	13.5	25.5	12.7	10.2	36.6
Total Imports	3,721.5	5,148.5	7,089.5	8,140.8	6,169.2	8,217.1	12,602.6	10,100.1
By End Use Category								
Food	353.7	527.9	912.6	1,160.7	1,055.5	1,142.8	1,952.2	1,794.5
Other Consumer Goods	626.1	820.9	1,027.7	1,387.6	921.7	1,436.8	2,170.6	1,444.5
Raw Materials	903.0	1,099.9	1,527.0	1,806.3	1,587.2	2,073.8	2,600.4	2,297.8
Capital Goods	1,606.9	2,423.4	3,270.9	3,547.1	2,432.9	3,335.3	5,278.7	4,075.5
Others	220.3	261.1	287.4	225.6	146.4	215.7	590.5	451.2
Total Imports	3,710.0	3,433.2	7,080.6	8,127.3	6,143.7	8,204.4	12,592.4	10,063.5

Source: Federal Office of Statistics, Lagos.

TABLE 22

COMPOSITION OF IMPORTS OF NIGERIA (1975-82)

PERCENT

	1975	1976	1977	1978	1979	1980	1981	1982
Value, Current Prices								
By S.I.T.C. Section								
0. Food and live Animals	8.0	8.6	10.4	12.6	15.4	15.8	14.5	16.3
1. Beverages and Tobacco	1.3	1.2	1.9	0.6	0.1	0.1	0.1	0.2
2. Crude Materials (excl. fuels)	2.0	1.5	1.1	1.3	1.9	1.7	1.6	2.0
3. Fuels and Lubricants	2.7	3.4	1.8	1.9	2.1	1.7	1.2	1.1
4. Oils and Fats	0.2	0.5	0.7	1.0	1.6	1.3	1.0	1.5
5. Chemicals	9.0	7.7	7.0	7.9	10.5	10.0	9.7	9.7
6. Manufactures (by materials)	27.1	22.1	22.0	23.0	23.4	21.8	20.2	21.1
7. Machinery and Equipment	41.9	47.5	47.8	43.8	38.9	40.2	44.0	41.3
8. Miscellaneous Manufactures	7.5	7.2	7.2	7.7	5.7	7.1	7.5	6.4
9. Others	0.3	0.3	0.1	0.2	0.4	0.3	0.1	0.4
Total Imports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
By end Use Category								
Food	9.5	10.2	12.9	14.3	17.2	13.9	15.5	17.8
Other Consumers Goods	16.8	15.9	15.1	17.0	15.0	17.5	17.2	14.4
Raw Materials	24.3		21.6	22.2	25.8	25.3	20.7	22.8
Capital Goods	43.2	47.1	46.1	43.6	39.6	40.7	41.9	40.5
Other Imports	6.2	5.4	4.3	2.9	2.4	2.6	4.7	4.5
Total Imports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Federal Office os Statistics, Lagos.

Table 23

NIGERIA's Cumulative Foreign Investment by Type of Activity

Activity	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Mining & Quarrying	515.4 (51.38)	694.0 (52.46)	859.7 (54.72)	925.3 (52.46)	818.1 (45.15)	959.6 (41.95)	918.9 (39.37)	1,090.8 43.09)	421.3 (14.71)	466.8 (14.80)	677.4 (18.71)	526.0 (14.00)	974.0 (18.09)
Manufacturing & Processing	224.8 (22.41)	378.8 (28.64)	356.6 (22.70)	409.0 (23.19)	520.4 (28.72)	506.2 (22.13)	550.7 (23.60)	703.8 (27.80)	1263.4 (44.13)	1402.5 (44.48)	1503.9 (41.54)	1705.7 (45.39)	1922.5 (35.72)
Agric, Forestry & Fishing	11.2 (1.12)	15.4 (1.16)	9.4 (0.60)	7.9 (0.45)	20.7 (1.14)	19.2 (0.84)	21.9 (0.94)	75.0 (2.96)	117.6 (4.11)	120.8 (3.83)	120.5 (3.33)	120.5 (3.21)	120.5 (2.24)
Transport & Communications	13.8 (1.38)	12.0 (0.91)	12.2 (0.78)	11.6 (0.66)	21.9 (1.21)	22.8 (1.00)	11.0 (0.47)	30.6 (1.21)	55.6 (1.94)	60.5 (1.92)	62.2 (1.72)	60.8 (1.62)	68.9 (1.28)
Building & Construction	13.8 (1.38)	15.4 (1.16)	34.3 (2.18)	45.0 (2.55)	64.2 (3.54)	111.2 (4.86)	122.5 (5.25)	121.4 (4.80)	224.3 (7.83)	294.3 9.33)	307.8 (8.50)	325.9 (8.67)	422.5 (7.85)
Trading & Business Services	206.6 (20.59)	187.2 (14.15)	242.7 (15.45)	294.7 (16.71)	321.3 (17.73)	572.4 (25.02)	624.8 (26.77)	365.5 (14.44)	522.5 (18.25)	550.5 (17.46)	693.2 (19.15)	767.2 (20.42)	1483.6 (27.56)
Miscellaneous	17.6 (1.75)	20.0 (1.51)	56.2 (3.58)	70.2 (3.98)	45.5 (2.51)	96.1 (4.20)	84.0 (3.60)	144.3 (5.70)	258.5 (9.03)	257.7 (8.17)	255.1 (7.05)	251.8 (6.70)	390.8 (7.26)
Total	1,003.2	1322.8	1571.1	1763.7	1812.1	2287.5	2333.8	2531.4	2863.2	3153.1	3,620.1	3757.9	5,382.8

Source: (1) Central Bank of Nigeria Annual Reports, 1970 - 1982.

(2) Federal Office of Statistics, Economic and Social Statistics Bulletin January 1985.

TABLE 24

NIGERIA Cumulative Foreign Investment by Country or Region of Origin (₦'M)

Country or Region	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
United Kingdom	444.4 (44.30)	592.0 (44.75)	769.7 (48.99)	860.9 (48.81)	832.8 (45.96)	857.5 (37.49)	942.0 (40.36)	1,072.8 (42.38)	1,195.3 (41.75)	1,103.6 (35.00)	1,421.8 (39.28)	1,429.2 (38.03)	1,993.8 (37.04
United States	230.0 (22.93)	337.4 (25.51)	286.6 (18.24)	308.0 (17.46)	300.0 (16.56)	535.2 (23.40)	376.2 (16.11)	287.2 (11.35)	342.4 (11.96)	565.8 (17.94)	566.2 (15.64)	348.6 (9.88)	1,171.6. (21.77)
Western Europe (Excluding U.K.)	224.8 (22.41)	261.0 (19.73)	367.0 (23.36)	415.2 (23.54)	459.8 (25.37)	653.1 (28.55)	653.1 (27.98)	739.0 (29.19)	84.76 (29.60)	976.0 (30.95)	1,107.2 (30.58)	1,350.0 (35.92)	1,557.6 (28.94
Others (Unspecified)	104.0 (10.37)	132.4 (10.01)	147.8 (9.41)	179.6 (10.18)	219.5 (12.11)	304.7 (13.32)	362.5 (15.53)	432.4 (17.08)	477.9 (16.69)	507.7 (16.10)	524.9 (14.50)	540.1 (14.37)	659.8 (12.26)
TOTAL	1,003.2	1,322.8	1,571.1	1,763.7	1,812.1	2,287.5	2,333.8	2,531.4	2,863.2	3,153.1	3,620.1	3,757.9	5,382.8

Source: (1) Central Bank of Nigeria *Annual Reports*, 1970 - 1982.

(2) Federal Office of Statistics, *Economic and Social Statistics Bulletin* January, 1985.

Table 25

GHANA: LOANS AND GRANTS FROM FOREIGN COUNTRIES (¢M)

COUNTRY INSTITUTION	1977*	1978*	1979*	1980*	1981
World Bank (I.D.A.)	141.6	-	-	254.4	79.8
West Germany	45.8	101.8	44.2	169.7	-
African Development Bank	124.0	-	-	61.6	35.8
East Germany	-	-	-	137.5	-
United Kingdom	-	121.0	-	-	52.3
Canada	-	-	4.1	-	7.0
Saudi Fund	89.4	-	-	-	-
European Development Fund	60.8	-	19.3	71.2	-
Kuwait	-	82.5	-	-	-
OPEC Special Fund	31.6	-	-	20.6	-
Brazil	-	-	-	41.3	-
International Fund for Agricultural Development	-	-	-	34.6	-
United States	27.5	-	-	32.2	34.9
E.E.C.	-	-	-	-	20.9
India	-	-	-	-	30.0
Arab Bank for Economic Development in Africa	27.5	-	-	-	-
Commonwealth Development Corporation	-	18.2	-	-	-
China	-	-	6.0	-	-
SUB-TOTAL	630.1	329.5	205.1	621.6	311.6
GRANT					
European Development Fund	21.6	51.0	-	-	-
United States	14.5	11.0	-	25.9	5.3
West Germany	-	-	-	22.8	20.6
Japan	12.0	7.8	-	-	11.0
Canada	7.6	-	-	10.5	29.2
E.E.C.	-	-	-	-	2.8
Australia	-	-	4.1	-	-
U.S.S.R.	-	-	0.5	-	
U.K.	-	-	-	-	10.5
Sub-Total	56.6	69.9	4.6	59.2	79.4
Grand Total (Loans and Grants)	686.7	399.4	209.7	680.8	340.1

Source: Economic Survey 1967-1980, 1981, CBS Dec. 1981, Accra.
*Exchange rate as at the end of December, 1980.

APPENDIX

TABLE 26

NIGERIAN FEDERAL GOVERNMENT PATTERN OF EXPENDITURE FOR SELECTED YEARS AND SECTORS: 1970-1984 (₦'MILLION)

Year	General Administration	Welfare	Economic Services	Defence	Social Services	
					Health	Education
1970	65.5 (7)	31.9 (3)	67.6 (7)	314.8 (34)	11.9 (1)	6.2 (0.7)
1972	162.2 (9)	72.5 (4)	179.2 (10)	372.3 (21)	26.8 (2)	28.6 (2)
1974	218.1 (4)	114.4 (2)	541.5 (10)	532.9 (10)	43.3 (0.8)	196.9 (4)
1975	679.8 (8)	155.4 (2)	1446.5 (18)	1166.7 (14)	82.8 (1)	850.0 (10)
1978	694.7 (6)	189.9 (2)	3109.3 (25)	1204.3 (10)	135.4 (1)	754.3 (6)
1979	533.1 (4)	179.4 (1.4)	2925.5 (22.2)	1235.9 (9.4)	77.5 (0.6)	667.1 (5.1)
1980	1096.2 (4.6)	487.5 (2)	5917.3 (25)	1758.9 (7.4)	360.6 (1.5)	1238.5 (5.2)
1982	1007.6 (8.5)	479.4 (4)	2887.5 (24.2)	1042.1 (8.7)	157.1 (1.3)	944.1 (7.9)
1983	1964.7 (16.8)	920.6 (7.9)	4592.3 (39.4)	1090.2 (9.3)	279.6 (2.4)	967.4 (8.3)
1984	889.3 (8.6)	724.7 (7)	2169.1 (21.0)	928.2 (9)	190.2 (1.8)	861.2 (8.3)
AVERAGE (%)	7.65	3.5	20.2	12.4	1.4	5.8

Source: Compiled from Central Bank of Nigeria, Annual Reports, Various Years.

( ) = Terms in brackets are percentages of total expenditure.

** The sum does not add to 100 percent since there are other expenditure categories not included, such as allocations to State and Local Governments, Transfers etc.

APPENDIX

Table 27

SUMMARY TABLE OF KEY ECONOMIC INDICATORS FOR NIGERIA AND GHANA (1970-1985)

	NIGERIA									GHANA								
Years / Variables	1970	1973	1975	1978	1980	1982	1983	1984	1985	1970	1973	1975	1978	1980	1982	1983	1984	1985
Population (millions)	66.2	71.4	75.0	80.6	87.6	90.6	93.6	96.4	99.3	8.6	9.4	10.0	11.0	11.8	12.2	12.8	13.0	13.0
GDP Per Capita (US$)	120.0	-	-	42.0	670	-	924	-	-	258	-	-	380	400	-	310	-	-
GDP Growth Rate (Annual Average %)	1.0	2.6	2.6	2.6	-6.5	-6.5	-6.5	-6.5	-	-0.3	-3.5	-3.5	-3.5	-5.4	-5.4	-5.4	-5.4	-
Exports (US$ million)	1559.6	6121.6	5233.7	-	-	19,484	17,509	-	-	358.6	427.8	347.0	-	-	873.0	895.0	-	-
Imports (US$ million)	1083.9	2202.8	4491.8	-	-	20,821	17,600	-	-	429	320.8	351.0	-	-	705.0	719	-	-
Current Account Balance annual Average -Deficit plus Surplus (US$ million)	33.9	33.9	33.9	33.9	-2841.7	-2841.7	-2841.7	-2841.7	-6130	-55.1	-55.1	-55.1	-55.1	-290.8	-290.8	-290.8	-290.8	-4900
Foreign Debt (US$ million)	480	-	-	-	-	-	11,757.1	-	-	489	-	-	-	-	-	1375.3	-	-
Annual Inflation Rate (%)	14.4	-	-	-	-	-	20	40	23	39.5	-	-	73.7	50.9	116.5	122.8	-	-
Life Expectancy (Years)	-	-	-	48	49	-	49	-	-	-	-	-	48	49	-	59	-	-
Infant Mortality (per 1000)	152	-	-	-	133	-	113	-	-	132	-	-	-	101	-	97	-	-
Food Imports (US$ million)	127.2	-	-	-	2085.4	-	-	-	1,523.9	77.2	-	-	-	131.6	-	-	-	214.7

APPENDIX

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3. __________ World Tables, Second Edition 1980 pp. 86-87, and pp. 150-151.

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