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PERSPECTIVES OF ECONOMIC POLICY AND SOLUTION TO UNEMPLOYMENT PROBLEM IN NIGERIA

Abstract

The paper undertakes a survey of monetary, fiscal and other policies embarked upon partly to reduce the unemployment problem in Nigeria since the early 1970s, and found that, though these policies were generally in the right direction, they were poorly implemented, resulting in only marginal expansion of output and employment. In order to achieve sustained economic growth which will favourably enhance the employment situation, the paper suggests a bold restructuring of the economy, particularly with regard to increasing its foreign exchange earning capacity. The paper also stresses the need to check rapid population growth, reorientate manpower development programmes to avoid imbalance between skills and needs, embark on rapid transformation of the rural areas and encourage labour-intensive agro-based industries.

Introduction

In recent years, unemployment and underemployment have been one of the major problems that the Nigerian economy has had to face. Other problems have been low productivity, price inflation, and balance of payments disequilibrium. These problems have been the main target of policy measures all these years, though at a time one or two of them became the main focus of policy depending on which was regarded as more pressing and serious each time. Not until the economic crunch which began in 1982 did the unemployment situation in Nigeria become very serious and seemingly intractable.

Unemployment, in the Pigovian sense, refers to a situation in which a large number of persons who actively desire to be employed at the going wage rates cannot find work (Pigou, 1968). When defined this way, open unemployment becomes an urban or wage sector phenomenon. Thus an unemployed person is, therefore, identified as one who is out of work and who has either actively sought employment for at least four weeks or is awaiting re-absorption after being laid off.

Some level of unemployment is inevitable and tolerable in an economy and this arises because of frictions in the labour market. Such frictional unemployment results from the rate at which people change their jobs or from the length of the waiting period for new workers to secure their first jobs. Cyclical unemployment is regarded as a temporary phenomenon following the oscillating period of boom and depression. However, unemployment is said to be structural when it arises from changes in the composition and pattern of domestic production, investment and consumption. This results in

labour surpluses in some sectors and scarcities in others and seems to be more characteristic of the economies of developing countries.

Unemployment problem in most developing countries is not limited to open unemployment alone as the traditional sectors harbour substantial underemployment otherwise referred to as disguised unemployment. Because of the relatively small wage employment sector in developing countries and opportunities for self-employment in family enterprises and agricultural occupation, much of the unemployment resulting from any decline in output or aggregate demand, or from seasonal factors is manifested in form of disguised unemployment. According to ILO's reports, 35–40 per cent of the work forces in Colombia, Kenya and Sri Lanka are reported to be underutilised although open unemployment represented only 10 per cent (ILO, 1970, 1971, 1972). In other words, unemployment in developing countries could be defined to embrace the more prevalent but less attended to problem of disguised unemployment.

Generally, unemployment (open or disguised) poses a threat to any economy either in terms of resource or welfare costs apart from its potential as a source of political and social instability. With a sizeable proportion of the labour force not gainfully employed, total output falls below its potential level and the costs to the society are in terms of output foregone. The cost includes the enormous waste of human resources, in terms of either energies or knowledge and skills already acquired but not put to any use. Secondly, the economy incurs welfare costs when unemployed persons get demoralized and suffer from loss of income and self esteem as the period of unemployment gets unduly prolonged. Thirdly, a significantly high rate of unemployment leads to all sorts of social evils, such as corruption, armed robbery, and social and political instability. This is particularly the case in less developed countries where there is no system of social security.

The objective of this paper is to examine, in retrospect, the impact of various economic policy measures on the creation of gainful employment between 1974 and 1985 with a view to suggesting future policy direction. The paper is divided into three parts: Part I deals with the nature and causes of unemployment in Nigeria; in Part II policy measures and their effects on unemployment in the period 1974–1985 are discussed; while the conclusion and recommendations are presented in Part III.

PART I

NATURE AND CAUSES OF UNEMPLOYMENT IN NIGERIA

(a) Nature of Unemployment in Nigeria

Throughout the period 1974–1980, unemployment problem had been confined to primary and secondary school leavers. It was said that the impact was not seriously felt as the execution of many development projects and expansion in government administrative structure during the so-called oil boom period created ample employment opportunities. But in the 1980s, not only has the number of job-seekers increased, job openings were fewer and, therefore, placements became relatively more difficult. Labour statistics are very scanty and unreliable. Though there are labour exchanges in the country a majority of job-seekers do not register with the Exchanges because they believe that little or no help would come from them. Available statistics from the Federal Ministry of Employment, Labour and Productivity show the extent to which the labour market situation for lower grade workers has degenerated in recent years.

Table 1 shows that there is clearly an upward trend in total registered unemployment which rose from 106,496 in 1982 to 120,945 in 1984 although the frustration of job search has led to a decline in fresh registration. As the number of declared job-openings fell by 26.7 per cent from 19,943 in 1982 to 14,612 in 1984, placements through Employment Exchange Centres also contracted by 53.3 per cent over the same period. In other words, the labour market was so tight that while the ratio of registered job-seekers to declared vacancies rose from 1:5 in 1982 to 1:8 in 1984, only 3.2 per cent of registered unemployed persons secured jobs in 1984 as against 7.8 per cent in 1982.

In the 1980s, unemployment among college and university graduates has added a new dimension to the problem. In 1974, over 80 per cent of graduates who completed their National Youth Service Corps got jobs within three months of the completion. The waiting time for getting a job has become prolonged in the 1980s. Indeed, the results of the 1984 Graduate Employment Tracer Study, jointly sponsored by the NYSC Directorate and the Manpower Board, showed that about 93 per cent of 1983 graduates who completed the national service remained unemployed at the end of their service scheme in June 1984.

The result of the labour force survey recently carried out by the Federal Office of Statistics, Lagos, shows that the unemployment rate has risen in the urban centres from 7.3 per cent in 1983 to 9.7 per cent in June 1985. (see Table 2). The corresponding rate for the rural areas rose from 2.4 per cent in 1983 to 4.6 per cent in 1984 though it declined to 3.0 per cent in June 1985. The lower unemployment rate in the rural areas reflects, on the one hand, the concentration of job-seekers in urban centres and, on the other, the vast potential of rural areas in absorbing or rehabilitating the unemployed.

(b) Causes of Unemployment

In recent years, the pool of unemployed persons has grown tremendously in this country as a result of the rise in population and expansion in educational facilities which have produced a

large number of school leavers and college graduates more than could be absorbed by available job opportunities. The total population of Nigeria has been estimated at 95.7 million in 1985, out of which 57.02 per cent constitute the labour force (i.e. all persons aged 15 and above excluding students, home-keepers and persons unable to work or not interested in work) (see Table 3). The urban population is estimated to grow at the rate of 4.0 per cent per annum while the estimate for the other areas was put at 2.5 per cent between 1980 and 1985. When compared with resource availability, the pace of economic development and creation of employment opportunities, the rapid growth in population has serious implication for the employment situation. The impact of population growth on the Nigerian labour market was made worse from the early 80's when the influx of immigrants from the neighbouring countries increased the labour market congestion.

Another factor which has contributed to rising unemployment was the rapid expansion of educational and training facilities which outstripped the rate at which jobs were being created. Manpower policies and programmes were designed to solve the problem of inadequate high-level manpower experienced during the First and Second National Development Plan periods (1962–68 and 1970–74). As a result, both the number of educational institutions and student enrolment increased tremendously. For example, the number of Universities established in Nigeria rose from 6 in 1974 to 26 in 1984 while student enrolment rose from 44,300 in 1978/79 to 102,150 in 1983/84, an average annual increase of 28 per cent. Admissions at the Polytechnics also increased sharply from 14,900 in 1978/79 to 45,742 in 1982/83. Another aspect of the problem was the asymmetry between skills required in labour market and those acquired in our educational institutions especially at the primary and secondary school levels. Thus the educational system merely succeeded in producing white-collar job-seekers who did not acquire the necessary skills required in industry or which could promote self employment. Consequently, many school-leavers were not only unemployed but in some cases considered unsuitable for lack of employable skills.

The unemployment situation was further worsened by the world economic recession which began in 1981. Following a sharp fall in earnings from oil and the consequent decline in Government revenues, the government, which is the largest single employer of labour, reduced its expenditures substantially and placed an embargo on further employment in the public sector; many workers were later retrenched to further ease the government's financial burden. Simultaneously, lack of raw materials, equipment and spare parts forced many private firms to reduce their capacity utilisation and others to close down completely. This situation led to mass retrenchment of labour thereby worsening the existing unemployment problem.

PART II

POLICY MEASURES AND THEIR IMPACT ON EMPLOYMENT

In discussing this, the period under review can conveniently be divided into two: (a) 1974–1980, the so-called oil boom period and (b) 1981–1985, the period of economic depression.

(a) *The Oil Boom Period (1974–1980)*

During this period, 1974–1980, a number of short-term as well as medium and long-term policy measures adopted by the Government had some impact on the employment situation.

Short-term Measures and Their Impact

The major economic problems that plagued the economy during the period included excess demand pressures, spiralling inflation, deterioration in the balance of payments situation (especially 1977/79) and industrial unrest following the implementation of the recommendations of the Public Service Review Commission (Udoji Report). Excess liquidity in the banking system was precipitated by the sudden fortunes of the oil boom and government expenditure quickly responded to take advantage of the tremendous increase in revenue, about 75 per cent of which came from the oil sector.

The excess liquidity in the economy coupled with the Udoji wage bonanza to workers helped to boost aggregate demand. As a result, there was a sharp disparity between aggregate supply of and demand for goods and services which led to a continued rise in the level of domestic prices. Therefore, the main objectives of short-term fiscal and monetary policy measures were to stimulate domestic supply of goods and services, reduce inflationary pressures and protect the balance of payments. Partly because of the difficulty of raising the local supply of goods in the short run but, more probably because of the buoyant external reserve position, imports were liberalised to a large extent to bridge the supply gap. Import and excise duties on a number of items were substantially reduced, restrictions on imports and external payments were relaxed and the door was thrown open to all kinds of imports, including food and household consumer goods. This open-door policy resulted in a sharp increase in import bill from ₦1,726.7 million in 1974 to ₦9,095.6 million in 1980. (Table 5).

These developments had different effects on the employment situation during the period and the years that followed. In the first place, import and distribution activities which suddenly became lucrative attracted a number of people and created employment opportunities, as pointed out earlier, but this was really a temporary abode for much of the open and disguised unemployment experienced later as the economy slumped in the 1980s. Secondly, the change in consumer taste induced by the huge increase in food and other imports made locally produced goods less competitive and thereby constrained their expansion. Moreover, the relatively high remuneration in the distributive and construction enterprises attracted labour from the farms to the cities, leaving the farms virtually deserted. Thus, in spite of the fact that the rural sector harboured about 80 per cent of the total population, much of the economic transformation through oil wealth was urban-biased. This was caused by the pattern of investment which shifted towards construction and services sectors to the detriment of the agricultural sector. Thirdly, the drain on the external reserves caused by the high import propensity built

up in the wake of the oil boom coupled with the subsequent impact of oil glut on Nigeria's foreign reserves imposed financial constraint on the importation of necessary machinery, equipment and spare parts with which to keep the factories running in the 1980s. The adverse effects of these developments reared their heads later in the period 1982–1985.

Medium and Long-term Policies and their Impacts

During the period under review, medium and long-term policy measures aimed at raising the level of employment were mainly those designed to promote increased production in the agricultural and industrial sectors of the economy. The Third National Development Plan (1975 to 1980) states that a reduction in the level of unemployment was a major objective. On examination one would see that this objective was expected to be achieved through measures designed to raise production level which would simultaneously lead to increased employment. For instance, in terms of both the size of the capital programme (₦30 billion which was later raised to ₦53.3 billion) and the size of government in total economic activity, it was expected that opportunities for gainful employment would be created during the period.

Agricultural Policy

During the period, agriculture was treated as a favoured sector on a continuing basis under the monetary policy guidelines in order to facilitate its access to credit. For instance, under the Central Bank credit guidelines, the commercial and merchant banks were directed to lend to agriculture not less than 4 per cent of their total credit in 1974. This was gradually raised to 8 per cent in 1980. To further induce bank lending for agricultural purposes, a ₦100 million Agricultural Credit Guarantee Scheme Fund was established by the Central Bank and Federal Government under which loans to farmers by any bank were guaranteed up to 75 per cent. Additional financial resources were also made available to farmers through specialised government financial institutions such as the Agricultural and Co-operative Bank.

A rural banking programme initiated by the Central Bank in 1977 was designed to bring banking facilities to the rural areas and promote rural transformation. Under the programme, commercial banks were directed to open branches in specified locations in the rural areas: each bank is directed not only as to the number of rural branches to be opened but also the specific rural communities where the branches should be opened. In addition, fiscal support was given to agriculture in form of concessional duties on imports of agricultural machineries and other inputs.

Fertilizers, seeds and pest control chemicals were distributed to farmers at highly subsidised prices. This was also complemented by significant increases in producer prices as well as the setting of Guaranteed Minimum Prices for both staple and export crops.

Simultaneously, governments' (Federal and States) involvement in agriculture was stepped up through the provision of high-yielding seedlings, extension services and the establishment of pilot farms. Moreover, certain institutionalised reforms were undertaken such as the

establishment of a new commodity marketing system which would encourage the production and marketing of agricultural commodities. A Land Use Decree was promulgated in 1978 to facilitate land acquisition for agricultural and other purposes and thereby engage more hands on the farms.

River Basin Development Authorities were set up to provide land irrigation facilities in order to make agricultural production less dependent on rain water. Also, a World Bank assisted programme called Agricultural Development Projects (ADPs) was established. The ADP approach is that suitable agricultural areas are identified, and when ear-marked for development, farming families are organised. The families are provided with modern infrastructural facilities, management, and extension services with complementary credit to support production. In 1977, the Federal Government streamlined the agricultural research institutes, each given statutory responsibility for specific commodity research. These are the Cocoa Research Institute of Nigeria, Ibadan, International Institute of Tropical Agriculture, Ibadan, and the Institutes of Root Crops Research Umidike and Livestock Research Vom. Their results were to be disseminated through the Extension Unit of the Ministry of Agriculture.

All these policy measures were generally appropriate and in the right direction. Yet they failed to achieve the desired objectives of increased production and employment in the agricultural sector. Indeed, agricultural production between 1974 and 1980 fell on the average by 4.5 per cent per annum. The main factors responsible for this decline were poor implementation of the policies and scarcity of farm labour. Labour scarcity was a result of the migration of young farmers to the cities to take advantage of the relatively high wages during the oil boom period. Another reason for the rural/urban migration was the lack of infrastructural facilities in the rural areas such as good roads, good water supply and electricity.

Industrial Policy

Employment creation was one of the primary objectives of Nigeria's industrial policy in the 1970s. Hence the policy to produce locally import substitutes arose not only from the consideration for a gradual transfer of technology to Nigerians and foreign exchange saving but also from the need to create more employment opportunities for our teeming population. However, the achievement of the employment objective would depend on the import substitution strategy adopted.

Obviously, for a labour surplus economy like Nigeria, the choice of labour intensive activities would enhance employment opportunities. However, the structure of capital formation shows that while total gross fixed investment grew from ₦2,956.0 million in 1974 to ₦10,841.2 million in 1980, an average annual increase of 44.5 per cent, investment on machinery and equipment rose from ₦739.9 million to ₦3,363.1 million an increase of 59.1 per cent a year over the period. Most of these equipments which were meant for industrial use also had as complementary inputs imported raw materials. These factors made most domestic production activities largely capital intensive and import dependent with their adverse effects not only on the balance of payments position but also on the creation of job opportunities. The adverse impact of this import substitution strategy was not given proper attention until the economic recession of the 1980s gave unpleasant signals.

Foreign investment is an important instrument for promoting industrialization, industrial production and high

employment. Thus, as a means of increasing industrial production and raising the level of employment, the Government adopted a package of fiscal incentives to attract foreign investment. These include: (i) Pioneer Status:- This confers tax holiday of three to five years on any company granted pioneer status depending on the size of capital expenditures; (ii) approved users scheme:- manufacturing industries are allowed to import certain raw materials either free of import duty or at very concessionary duty rates although this was abolished in the fiscal 1984 year; (iii) accelerated depreciation of capital investment:- This income tax incentive assists investors by providing a rapid write down of capital assets; (iv) Customs (draw back) Regulation: Under the scheme, manufacturers of export commodities are entitled to reimbursement of the whole amount of import duty paid on imported inputs used in the manufacture of such goods exported.

Under the Central Bank of Nigeria Credit Guidelines, provisions are made to ensure that a sizeable proportion of the bank's credit goes to industrial enterprises, as well as small scale enterprises. Development finance institutions e.g. NIDB and NBCI were set up to increase the flow of finance to industrial and commercial enterprises.

Although these policy measures combined with the oil boom raised the level of industrial production, the performance of the industrial sector especially the manufacturing subsector with regard to employment creation was, however, below expectation. This could be attributed to certain countervailing policies and factors. For instance, the adopted import substitution strategy which relied overwhelmingly on imported inputs had severely limited scope for employment generation. The wage policy pursued by Government, which resulted in sharp increases in salaries and wages both in the private and public sectors (i.e. the "Udoji" salary increase of 1972), was a disincentive to employment expansion. In fact, unreasonably high wages were inimical to the survival of medium and small-scale businesses and industrial establishments as these raised the share of labour in total production costs. Moreover, the upward wage and salary review in the modern sector raised the expectation of prospective rural emigrants and increased the ruralurban migration which led to the scarcity of farm labour as well as increased urban unemployment/underemployment.

Indigenisation policy was designed to transfer ownership of certain business enterprises to Nigerians, increase their ownership participation in others and minimise the outflow of foreign exchange in form of transferred profits and dividends. While these objectives were to some extent achieved, the policy, however, had a disincentive effect on foreign investment in the economy and therefore a depressing impact on employment.

Educational Development

The development of educational facilities during the period 1975-1980 was designed to solve the problem of inadequate high-level manpower experienced during the first and second National Development Plan periods (1962-1968 and 1970 to 1974). A significant proportion of Government oil revenue was devoted to establishing colleges, polytechnics and universities. As a result, the number of educational institutions and student enrolment rose sharply. This tended to worsen the unemployment situation since the generation of employment opportunities did not keep pace with the turn out of school

leavers, college and university graduates that poured into the labour market in their thousands.

(b) The Years of Recession (1981-1985)

Between 1981 and 1985, the Nigerian economy experienced serious depression which was caused by the glut in the world oil market and which led to a sharp decline in Nigeria's oil export earnings. The fall in oil revenue had serious impacts on the various sectors of the economy. Government revenue fell sharply from ₦15,234.0 million in 1980 to ₦11,193.8 million in 1984. With the decline in foreign exchange earnings, importation of raw materials and other inputs for the industrial sector had to be curtailed. Balance of payments and the nation's external reserves came under heavy pressures, and became matters of serious concern. Thus during this period, especially from 1982, Government policy was mainly focused on the objective of economic stabilization.

Though the Fourth National Development Plan (1981-1985) had as one of the objectives a reduction in unemployment/underemployment and adopted a gigantic capital outlay of ₦82 billion, these were based on the expectation of a steady increase in oil revenue which of course, did not materialise. However, during the early part of the period (1980-1981) certain policy measures were adopted to raise the level of agricultural and industrial production which would simultaneously raise the level of employment. For instance, fiscal support was given to agriculture and industry in 1980 and 1981 by lowering or abolishing import duties in certain raw materials and by raising the level of protection, i.e. restricting the importation of imports competing with domestic goods either through high tariffs or complete ban.

Through the Central Bank Credit guidelines, monetary policy was also designed to stimulate production in these sectors. Prescribed ratio of commercial banks' credit allocation to these sectors were raised. Further, for the agricultural sector, increased loans were granted to Commodity Boards to enable them pay higher producer prices to farmers in order to boost agricultural production. The government intensified the programme of integrated agricultural development projects (ADPs) and increased the number (to ten) in 1983; and the land irrigation programme through River Basin Development Authorities whose number was raised from 11 to 18 in 1984. These projects were organised not only to boost the production of food and cash crops but also to create and improve infrastructures within the project areas. They were also designed to generate rural employment opportunities.

These policy measures, no doubt, were in the right direction. However, the implementation was so poor that they did not achieve the desired objectives in view of the fact that neither the agricultural/industrial output nor the level of employment in these areas showed any significant improvement. Moreover, the minimum wage policy introduced by Government in 1981 proved to be a disincentive to employment generation. In that year, the government enacted a National Minimum Wage Act which made it mandatory for every employer of labour to pay a monthly wage of not less than ₦125 to every worker under his establishment. However, the Act made exceptions of persons in part-time employment or paid on commission or piece-rate basis, establishments with less than 50 employees, workers in vessels and aircraft as well as those engaged in seasonal agricultural activities. It made non-compliance punishable by a fine not exceeding ₦100 and stipulated a maximum fine of ₦10 per day for continued breach of the law.

Many employers of labour especially the medium and small-scale industrial establishments were not able to pay this prescribed minimum. It thus became a forced burden on employers and constituted a disincentive to investment in labour intensive industries. Thus, in order to avoid the heavy wage burden, employers began to give preference to foreigners who were prepared to accept lower wages. This induced increased inflow of illegal immigrants into the country. In agriculture, industry, trading, and services, these immigrants were prepared to work longer hours at wages below the ruling minimum. Thus many Nigerians were displaced as entrepreneurs took advantage of immigrant cheap labour as a cost saving strategy.

Between 1982/83 and 1985 when the financial situation became very critical, monetary and fiscal policies became restrictive. Though statement of policy objectives still included the raising of domestic production and employment, in reality the main objectives of policy were to protect the balance of payments by reducing aggregate demand and the level of importation so as to minimise the drain on the nation's external reserves. Another major aim of policy was to generate more revenue for Government as well as protect domestic industries.

Most of the measures embodied in the Economic Stabilisation (Temporary Provisions) Act 1982 and policy measures in subsequent years were meant to facilitate the realisation of these objectives. Under the Act, import duties on 49 import competing products of local industries were raised, profit tax was raised to 45 per cent and quota restrictions were imposed on certain imports. Above all, fiscal operation was characterised by severe budget cuts between 1982 and 1984, especially the reduction in capital programmes which was limited to on-going and viable projects. Monetary policy was restrictive. For instance, the ceiling on the expansion of bank credit was persistently reduced from 30 per cent in 1982 to 7 per cent in 1985.

As our foreign exchange earnings dwindled from 1982, allocations to industrialists for the importation of raw materials and other imported inputs were drastically reduced. This led to corresponding decline in installed capacity utilisation by private sector industrial establishments and retrenchment of workers. Employment in the public sector did not escape this scourge. The Government first placed an embargo on employment especially that of junior cadre in the public services. Later in 1984, the new Military Administration, as a result of financial difficulty, decided to purge the public service of those it termed "dead woods" in order to reduce the size of labour force in the service which had earlier been expanded out of proportion during the oil boom days. These further reinforced the growing level of unemployment already caused by the retrenchment in the private sector. Thus during the period 1982-1984, not only that new employment opportunities virtually disappeared, but also thousands of people already employed were retrenched and made to swell the growing labour market. Today, unemployment has no doubt become one of the most serious and most intractable problems that face the nation.

PART III

CONCLUSIONS AND RECOMMENDATIONS

The above analysis shows that though unemployment has for long been one of the problems that policy makers have to contend with, the proportion it assumed since 1982 has been unprecedented. It should also be mentioned that a lot of the seeds of the acute unemployment problem of the 1980s were sown in the 1970s. The analysis also shows that the unemployment problem in the country is largely attributable to too rapid rise in population and growth in educational development relative to the creation of employment opportunities in the economy. The asymmetry between the skills acquired by our "educated" men and women and those required by our industries and other business enterprises has also created a kind of structural unemployment.

With regard to policy, it is observed that the two National Development Plans and the budget statements from 1975 to 1985 showed employment promotion as one of the key policy objectives. A close examination of the policy statements shows that such employment creation or promotion was expected to come from measures designed to expand production of goods and services rather than specific measures designed mainly to promote employment. For instance, the industrial policies from 1975 till very recently were aimed mainly at expanding domestic production of manufactured goods through import substitution industries, and no particular attention was paid to selecting labour intensive industries or industries based on domestic raw materials for special policy support.

Apart from this, one could say that the policies adopted during the period to increase domestic production and simultaneously raise the level of employment were generally in the right direction. But these policies were poorly implemented, and because of the poor policy execution, neither the objective of production expansion nor employment generation was fully realised.

Therefore, in order to correct the mistakes of the past and create concrete and viable opportunities for gainful employment, the following recommendations are suggested:

1. The structural adjustment programme now being prepared should be properly designed and implemented efficiently. If this is done it could assist the economy to return once again to the path of growth and expansion, and thus lead to increased employment. Such growth and expansion will be facilitated if the programme receives IMF's approval which will help to improve the foreign exchange situation.
2. Our educational system should be re-oriented so that the training curriculum makes education and the learning process more functional by facilitating the acquisition of appropriate skills. The pattern of enrolment in our educational institutions should also be made to conform with the nation's estimated manpower requirements so as not to create surpluses or shortages in certain sectors.
3. The agricultural sector still has great potentials for employment generation not only at the primary but also at the secondary level of production. The main problem of the agricultural sector has been that the rate of modernization has been relatively slow, limiting the creation of job opportunities directly or indirectly within the sector. This means that the key to significant expansion of job opportunities through agriculture is by a faster rate of modernization and rigorous implementation of specific agricultural programmes. Various

piecemeal policy measures already designed to promote agricultural production should be properly harmonized such that fiscal, monetary, and other incentives would make agriculture a more profitable business than it is at present both for the large-scale and peasant farmers. The transformation of the rural sector by providing infrastructural facilities should be pursued more vigorously to stem rural-urban migration and the rapid growth in urban unemployment.

4. The small-scale industrial establishments constitute a powerful growth centre through which surplus unskilled labour could be absorbed and transformed. Necessary support should be given to these industries in terms of fiscal incentives, easier access to credit and dissemination of industrial research results. These will facilitate their expansion and raise their efficiency through increased technological adaptation.

5. High wages which have raised production costs in recent years have militated against the creation of employment opportunities in virtually all the sectors of the economy, but particularly in the medium and small-scale industrial sector. Indeed, more employment could be created if wage policy is made more flexible especially during this period of recession and serious unemployment. There is therefore a need to review the minimum wage legislation of 1981 so as to exclude the private sector.

6. One of the typical characteristics of the Nigerian economy today is the lack of complex inter-dependence among the various sectors. To ensure massive employment creation, the Nigerian economy should have a sufficiently diversified input-output relationship among its various segments both horizontally (i.e. among industries) and vertically (i.e. between larger and smaller enterprises) so that any stimulus given to one segment can generate multiplier effects on the rest of the economy. This can be done by encouraging the domestic processing of mineral and agricultural raw materials so as to substitute export of processed and semi-processed goods for exports of raw materials.

7. As efforts by domestic industries to look inwards for local sources of raw materials gather momentum, employment opportunities will expand especially in domestic production of agro-based raw material substitutes. To reduce the growing level of unemployment, therefore, the policy of encouraging backward integration should be intensified. Also in the distribution of foreign exchange to manufacturers, those engaged in labour intensive enterprises and those using domestic raw materials and other inputs should be favoured while those producing non-essential commodities and with little value added should be allowed to fend for themselves or fade away.

8. We have seen that Government policies have generally been in the right direction, and that failure to realise policy objectives had largely been due to poor policy implementation. Therefore special attention should be paid to policy implementation if policy objectives are to be realised. Government has planned to set up a Policy Implementation Committee in the Office of the Secretary to the Federal Military Government. There is need to set up that committee as a matter of urgency.

9. As the rapid growth in population mounts serious pressures on available resources, it has become impossible to

provide job opportunities to match the rapid increase in the labour force. There is a need, therefore, to have a population policy which will limit population growth to a level that is compatible with the expansion and employment generation capacity of the economy.

10. Dearth of statistics has posed a serious constraint to policy formulation or evaluation. Labour statistics is one of such areas where vital information is deficient. The Ministry of Labour, Employment and Productivity should be required to design a viable method of monitoring and providing authentic statistics on employment/unemployment situation.

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Table 1
**REGISTERED UNEMPLOYMENT AND VACANCIES
(LOWER GRADE WORKERS)**

	1982 (1)	1983 (2)	1984 (3)	Percentage change between	
				(1) & (2) (4)	(2) & (3) (5)
1. Total Registration.....	106,496	112,588	120,945	5.7	7.4
(i) Old Registration.....	15,688	25,131	30,670	60.2	22.0
(ii) Fresh Registration.....	59,259	55,339	50,108	-6.6	-9.5
(iii) Re-registration.....	31,549	32,118	40,167	1.8	25.1
2. Vacancies Declared.....	19,943	18,310	14,612	-8.2	-20.2
3. Placements.....	8,276	7,394	3,865	-10.7	-47.7
4. Ratio of registered job-seekers to job-openings	1:5	1:6	1:8		
5. Placements as a proportion of registered unemployed....	7.8	6.6	3.2	-15.4	-51.5

Source: Federal Ministry of Labour, Employment and Productivity, Lagos.

Table 2
**UNEMPLOYMENT RATE BY SEX AND SECTOR
AS AT DECEMBER, 1984
(Per cent)**

Sex	Urban	Rural
Male.....	6.9	3.5
Female.....	9.9	6.3
Total.....	7.9	4.4

Source: Labour Force Sample Survey - December, 1984
Preliminary Report by the Household Survey Unit,
Federal Office of Statistics, Lagos.

Table 3
POPULATION PROJECTION BY AREA AND AGE

Distribution	Population in 1980	Share of Total	1981	1982	1983	1984	1985
Total Population.....	84,445,728	100.0	86,583,482	88,775,353	91,022,712	93,326,962	95,689,546
Urban.....	13,608,785	16.11	13,953,293	14,306,522	14,668,694	15,040,033	15,420,774
Rural.....	70,836,943	83.88	72,630,189	74,468,831	76,354,018	78,286,929	80,268,772
Age Distribution							
Less than 6 Years.....	17,302,335	20.49	17,740,345	17,302,335	18,649,912	19,122,037	19,606,114
Primary Ages (6-11 Years).....	13,952,083	16.52	14,305,282	13,952,083	15,038,729	15,419,436	15,809,781
Secondary Ages (12-17 Years).....	10,284,419	12.18	10,544,771	10,284,419	11,085,412	11,366,041	11,653,774
Age 15 and Over.....	48,153,083	57.02	49,372,084	48,153,083	51,903,445	53,217,387	54,564,591

Source: National Population Commission.

Note: Annual Growth Rate for Lagos is 4%, for other Parts of Nigeria the Growth Rate is 2.5%.

Table 4
DISTRIBUTION OF UNEMPLOYMENT BY SECTOR, EDUCATIONAL LEVEL,
AND SEX – DECEMBER, 1984
(PER CENT)

Educational Level	Urban			Rural		
	Male	Female	Total	Male	Female	Total
No. of Schooling.....	10.7	10.1	10.5	24.3	15.9	19.9
Primary.....	32.9	28.3	31.1	30.1	30.1	30.1
Secondary.....	52.4	57.6	54.4	42.5	54.0	47.8
College of Education.....	1.3	2.0	1.6	1.4	—	0.7
Polytechnic.....	0.7	2.0	1.2	1.7	—	1.5
University.....	2.0	—	1.2	—	—	—
Total.....	100.0	100.0	100.0	100.0	100.0	100.0

Source: Labour Force Sample Survey – December, 1984
Preliminary Report by the Household Survey Unit, Federal Office of Statistics, Lagos

Table 5
ECONOMIC INDICATORS

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Changes in real output (%) Total	11.6	-3.0	10.9	7.3	-7.9	3.9	2.9	-2.9	0.01	-8.5	-5.5
Agriculture	10.4	-10.4	-1.6	6.8	-8.1	-10.1	7.8	-6.5	14.6	-5.5	2.0
Manufacturing	-3.3	23.6	23.4	6.2	13.8	46.9	5.7	15.1	20.4	-4.7	-18.2
Distribution	3.5	7.7	11.6	12.5	-15.2	0.6	9.3	0.4	-11.0	-11.9	-8.3
Federally Collected Revenue (₦ million)	4,537.4	5,514.7	6,765.9	8,039.0	7,371.1	10,912.4	15,234.0	12,180.2	11,764.4	10,508.7	11,193.8 ¹
Oil Revenue as a percentage of total	82.1	77.5	79.3	75.6	61.8	81.4	81.1	70.3	64.7	69.0	68.8
Federally-retained Revenue (₦ million)	3,894.3	4,474.7	5,623.1	6,466.5	6,131.1	8,868.4	12,138.7	7,509.8	7,500.0	6,272.0	7,267.2 ¹
Federal Govt. Expenditure (₦ million)	2,097.5	4,902.1	6,691.3	7,367.9	8,520.0	7,406.7	14,113.9	11,438.8	12,940.6	9,636.5	9,927.6 ¹
Fed. Govt. Budget Deficit/surplus	+1,796.8	-427.4	-1,068.2	-901.4	-2,388.9	+1,461.6	-1,975.2	-3,929.0	-544	-3,364.5	-2,660.4 ¹
Fed. Deficit/Total GDP	9.8 ²	2.0	4.0	2.9	7.0	3.5 ²	4.1	7.8	10.1	6.3	6.5
Total Imports: (₦ million)	1,726.7	3,710.0	5,133.1	7,093.7	8,211.7	7,472.5	9,095.6	12,919.6	12,565.5	6,555.7	4,484.5
of which-Consumer Goods (%)	25.5	26.4	26.3	28.8	29.0	28.2	39.6	44.4	41.6	44.9	41.3
(food)	(9.6)	(9.5)	(10.3)	(10.4)	(12.4)	(12.8)	(15.8)	(16.4)	(8.6)	(19.8)	(18.8)
Capital Goods and Raw Materials (%)	68.9	67.7	68.6	71.1	70.9	71.7	60.3	55.5	58.0	50.1	54.6
Miscellaneous (%)	5.6	5.9	5.1	0.1	0.1	0.1	0.1	0.1	0.4	5.0	4.1
Changes in Consumer Price Index	13.1	33.5	22.2	15.9	16.5	11.8	9.9	20.9	7.7	23.2	39.6

¹ Approved Budget Estimates ² Budget Surplus/GDP.

Source: Federal Office of Statistics, Lagos.

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