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MANAGEMENT OF THE NIGERIAN ECONOMY*

by

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Abstract

The paper reviews the current economic policy framework against the background of the economic policy regime up to 1985 and observes that the past experience justifies the current experiment with private markets as the principal mechanism for allocating resources. The paper argues that the visible hand of the government does have a supportive role, albeit a different one from the past. The new approach is considered as having great potential although ultimate success is as yet beset by various uncertainties as may be expected from any experiment.

Introduction

The most disconcerting feature of the Nigerian economy since 1970, has perhaps, been the country's poor growth performance. The efforts of successive governments in articulating well-meaning objectives and strategies and devising various policies and measures to accelerate growth and development largely failed to move the economy forward. In place of the self-sustaining growth desired, there has occurred a succession of crises on the domestic and particularly the external front. Things came to a head in 1985 when the external sector became virtually unmanageable. It became clear that some radical changes would have to be made in order for the economy to overcome the immediate problems and regain some growth momentum.

Since then, there has occurred major shifts in the management of the economy. The role of private markets in the economy has been expanded while perceptions about the role of government has undergone change. The early indications are that some progress has been made on both the domestic and external fronts to get the economy going again although there are hurdles in the way.

This paper seeks to provide a perspective on the current programme of economic reform and look ahead to the future. The paper is in four parts. The first examines the current wisdom regarding the role of government in a mixed economy such as Nigeria. Part two reviews and evaluates the economic policy regime from 1970 up to 1985 and highlights some of the lessons from that period. Part three outlines and appraises the current approach and briefly reviews the progress made. Part four concludes the paper.

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PART I THE ROLE OF GOVERNMENT IN A MIXED ECONOMY

In our view, the major change that has taken place in the management of the economy in the last couple of years has been the change in the institutional framework for public policy. There has occurred a shift from a regime of pervasive government intervention in various markets toward greater reliance on market forces in the allocation of goods, services and financial resources. The system of control on the prices of various commodities has since been ended. The commodity boards are gone along with the discretionary pricing arrangement that went with them. Interest rates were de-regulated towards the end of last year and a market for foreign exchange has been in operation since 1986. In the recently announced budget, the control on wage salary increases was also brought to an end. The governments, Federal and State, furthermore are committed to commercialisation and privatisation of various public enterprises. The over-riding reason for these reforms has, of course, been the need to deal with the growth — impeding distortions that have been associated with the public control of goods, money and factor markets, and the desire to set the country on a course of self-sustaining economic growth.

The foregoing would tend to suggest that all previous distortions in the sytem have been the result of government actions and that what therefore was needed was for the government to take its hands off and allow the invisible hand of the market to deliver the goods of rapid economic growth. Such a sweeping view is however unwarranted. There are economic grounds for active government role in the economy and these we will consider in the rest of this section.

In the first place, the efficiency case made for the free market rests on the assumption that the markets are essentially competitive and that they are not monopolistic, oligopolistic or for that matter monopsonistic[1]. However, while these forms of market imperfections are endemic in countries such as our own, one would not give the issue of market imperfections undue emphasis because such imperfections merely call for appropriate actions to bring about more competitive market structures. The more complex issues are those that arise from what in the literature are called market failures. That is, situations in which the price system or more concretely, private markets fail to allocate resources efficiently. In such situations, there is reason a priori, for considering other supplementary mechanisms for allocating resources directly. There may then be a case either for public provision of goods or services or for corrective devices such as taxes and subsidies to induce markets to function more efficiently.

Market failures occur in what, in the public finance literature is known as the public good case. They also occur in situations where significant externalities are present and where the production of a good or service exhibits increasing returns to scale up to a very high level of output. Risk and uncertainty also lead to market failures when, as is generally the case, a perfect futures market is absent. Similarly, the absence of an adequate capital market also results in the failure of price to perform the allocation function efficiently.

It is important to say however, that market failures are a necessary but not sufficient condition for government action. In

[1] Efficiency here is Pareto efficiency, a situation in which everyone could not be made better off by a different allocation of goods and factors.

principle, government intervention may improve the allocation of resources in many cases of market failures. However, the issue of what happens in any particular case is a matter of empirical judgement.

In Nigeria, and perhaps, most less developed countries, there is a strong presumption against government intervention because of the weaknesses of administrative structures and the prevalence of corruption and waste in various forms. Government intervention to correct for market failures under these circumstances would most likely be ineffective if not counter-productive.

However, besides the question of what combination of private or public sector activity is required to produce an optimum allocation in the Pareto sense, there is the intractable question of which optimum to pursue since in principle there is an infinite number of such optima. Each optimum is associated with a different distribution of utility or income among members of society and therefore some judgement, explicitly or implicitly must be made regarding the relative merits of various Pareto optimal allocations. This somewhat complex or obscure technical point raises a fundamental issue of economic development, namely the issue of income distribution. A recent example would help to make this issue clear. Following the end of price control in 1986, the queues disappeared at the department stores and goods that had been scarce became readily available on the shelves. In this case the price system left on its own, clearly did a clean job of rationing goods among consumers. Nevertheless, some of those that left the queues, no doubt, returned home empty handed.

The issue involved goes even further than that of the contemporary distribution of so-called essential commodities. For example, if the inter-temporal choice between present and future consumption by individuals in the society were such that savings generated by private markets were inadequate to support the desired rate of economic growth, some intervention in the market to boost savings might clearly be appropriate.

Naqvi (4) perhaps captures the appropriate middle ground when he states that "......there are many external economies which are not captured by market prices and whose pervasiveness vitiates the argument that the government has no right to interfere with the working of the free market. However, a complete regimentation of the economy has also not been recommended by any responsible development economist."

There is another set of issues, coming out of on-going controversies in the economics discipline that need to be mentioned here briefly. These in essence relate to whether or not discretionary actions by either government or the Monetary Authority have the potency that is usually attributed to them. In the neo-Keynesian tradition, the answer unequivocably is mainly in the affirmative. Economists of this persuasion argue for an active role for the government in the use of macro tools, such as fiscal and also monetary policy because they think that the market adjustment process takes too long and is costly in terms of lost output and employment. The monetarists are sceptical that much good could come out of activist discretionary policy. In their view, the economy left on its own would adjust and activist policies are likely to be destabilising. A distinguished section of these advocate for some type of rule for the growth of the money stock. The so-called neo-classicals on the other hand, insist that discretionary actions by government are futile unless they are unexpected. They therefore attribute no potency at all to systematic intervention by government in the economy. Real output and employment cannot be increased and the only effect of an expansionary policy will be increase in the price level.

The foregoing may be summarised as follows. Firstly, there is no dispute about the allocative efficiency of the private or free market provided that there is a fair amount of competition. Secondly, there are situations in which the market fails to guarantee an efficient allocation and in which some form of intervention is necessary to improve efficiency. Government does have a potential role in such situations but the same informational problems that make the free market fail also confronts the government in these situations. If government is incapable due to bureaucratic and other weaknesses to intervene effectively, such intervention seems unlikely to lead to improvement in efficiency. However, abandoning intervention under the circumstances would leave the problems of inefficient allocation unresolved. There is therefore a case for working towards the improvement of the machinery of public intervention.

There is thirdly, the need in any event for the government to make social choices about the distribution of income which an efficient market could make by default but not at all if market failure occurs. Furthermore, the desire for growth, may require intervention to bring about a higher level of savings than the market left on its own would bring about.

In all these finally, there is no room for a dogmatic attitude given that the theoretical controversies about the role of discretionary policy continues to rage. Nigeria's economic development would in many ways be a unique story coming out of the country's own expermentation.

PART II MANAGEMENT OF THE NIGERIAN ECONOMY, 1970-1985

The 1970s in Nigeria may well be called the planning decade. Two development plans were launched in the period and a third drawn up and planning clearly was viewed as the framework for managing the economy. Whether what took place in the period was real as opposed to pseudo-planning is a matter for some discussion but the plans clearly provided the impetus for the investment programmes of the public sector as well as the guiding philosophy behind the economic strategies of the period. For example, government direct involvement in industry, agriculture, commerce and finance in the 70s had their origin in the plans. Though they were perceived as comprehensive, planning during this period was largely incapable of intergrating the private secor through an effective policy package that could be systematically monitored and evaluated.

We are not suggesting that the public investment programmes in the plans were carried through fully or substantially. In fact the plans tended to fall victim of the annual budgets which were in large measure pre-occupied with the short-term crises that occurred so often. Indeed the 1975-80 Plan was stalled half-way through when expected oil surpluses failed to materialise. The 1981-86 Plan similarly was a lame duck once the external financial situation began to deteriorate in 1981. With the benefit of hindsight, one can say that planning had the perverse effect, thanks to oil earnings in the 1970s, of elevating government to the position of overwhelming dominance in economic decision-making in the country.

Development Objectives and Strategies, 1970-1985

The main goals and strategies of the three Plans will be reviewed briefly here so as to provide the appropriate background for discussion that follows on the policies and instruments employed as well as the successes and failures experienced in the period up to 1985.

2nd National Development Plan

The development strategy under the Second National Development Plan consisted in employing the surplus generated in the rural sector for public investments in agriculture, industry, transportation and manpower development which were accorded the highest priority under the plan. Infrastructure such as utilities, communications, water and social services belonged in the second order of priority. In seeking to bring about self-sustaining development, the Plan placed considerable emphasis on growth, laying down as the basic investment criterion, the potential for growth through linkage effects economy-wide.

The plan accorded a leading role to government in the belief that effective planning required government control of the economy. Government was therefore to control through regulation, "all major national resources" as well as growth sensitive sectors in the field of commerce, industry, fuel and energy, construction, transport, finance and education[2].

The Plan sought also to eliminate foreign dominance in terms of financial ownership and managerial and technological innovation[3]. In industry in particular, the Plan advocated indigenous equity ownership to maximise local value added and local retention of profit. Furthermore, as a matter of general policy, country-wide ownership of manufacturing equity by governments, Federal and State as well as individual Nigerians was to be pursued. The Plan also considered public enterprises as crucial to growth and self-reliance due to the general scarcity of capital, the structural defects in the private business sector and what was then perceived as the dangers of foreign dominance of the private sector.

Fiscal policy basically was concerned with short term stabilisation, while a cautious expansionary monetary policy was considered appropriate to accommodate public and private investment.

3rd National Development Plan, 1975-1980

The Third National Development Plan sought to employ the projected surpluses from crude oil earnings to accelerate growth through public sector investments in economic as well as social infrastructure. Given expectations of buoyant oil earnings during the Plan period, the Plan envisaged no financial bottleneck. On the contrary, a major focus of the Plan was income redistribution. The Plan advocated some shift in resource allocation in favour of rural areas which were said to have benefitted little from the economic growth of the early 1970s. Small farmers and the rural population were expected to benefit from public expenditures[4].

Furthermore the poorer sections of the population were to be provided subsidised facilities such as electricity, water supply, health services etc.[5]. In furtherance of the indigenisation policy, the Plan stated forcefully that policy would be directed at ensuring that Nigerian entrepreneurship is present and dominant in all sectors of the economy.

[2] Second National Development Plan p.34
[3] op cit p.34
[4] Third National Development Plan (2) p.30
[5] op cit p.30-31

Fiscal policy was to be directed at controlling inflation through the easing of import controls and tariff reductions while maintaining the protection of domestic industry. Monetary policy, similarly was to be employed in controlling inflation and directing credit to target sectors.

In Agriculture, the Plan outlined in three broad lines of policy. Firstly, producer prices of export crops were to be enhanced via the abolition of produce and export taxes and a new pricing formula that would no longer allow for surpluses by the Nigerian Produce Marketing Company. Secondly, a public enterprise, the Grains and Roots Company was to be established to guarantee adequate returns to food crop producers through the operation of a buffer stock. Thirdly, the Plan advocated government involvement in direct production of commodities such as rice, wheat, cotton and kenaf[6].

In industry, the Plan identified the constraints as, inadequate infrastructure, bureaucratic bottlenecks, shortage of indigenous industrial entrepreneurs and delays in executing public industrial projects that were crucial to the growth of the sector as a whole. The industrial sector was said to be dominated among others, by low technology light industries, virtual absence of engineering industries and a weak intermediate goods subsector. The Plan sought to deal with these directly as well as device appropriate industrial incentives.

The role of development banks was to be enlarged, small-scale industries were to be further encouraged through financial and technical assistance and indigenisation policy was to be further strengthened.

4th National Development Plan

The 4th Plan, like the 3rd Plan before it, sought to channel crude oil surpluses into public sector investments in agriculture, economic and social infrastructures and industry in that order, as a means of accelerating economic development. The Plan stressed technology, productivity and social discipline as essential pre-requisites and brought to the fore the need for certain changes in direction. Among these were, a need to employ simple and standard designs in public sector projects, self-reliance, human, and material in the planning and execution of public projects and diversification of exports.

Against the background of the austere fiscal outlook of the government, the role of fiscal policy was viewed mainly as the generation of revenue through increased tax effort and the control of public spending. Monetary policy was to be aimed at non-inflationary expansion of credit to target sectors. Interest rate was to be employed to encourage savings and discourage inefficient use of scare funds.

The control of wages, prices and dividends through PPIB was to continue as an anti-inflation device. However, there was to be no direct control of rents. Rather the stimulus to public and private housing construction under the Plan was expected to keep rents at moderate levels.

The performance of the agricultural sector had been judged disappointing during the previous plan periods in spite of the high priority accorded it by both plans. The major problems of the sector had remained unsolved. However, the Fourth Plan envisaged rapid expansion in response to new measures under the Plan. The agricultural sector was expected to bring about self-sufficiency in food crops, increases in primary exports, and increased employment.

[6] op cit p. 70.

The Plan viewed manufacturing growth as essential for rapid economic development.

However, the sector bore all the hallmarks of the import substitution strategy — dominance of final consumer goods, low linkages, high import dependence, low quality and high costs.

Import substitution was to remain the basic strategy. Emphasis however was to shift to industries supplied locally. More importantly, the role of the private sector in industry was to be emphasised. The private sector was recognised as the prime mover in the sector and public sector participation preferably in partnership with private sector would be limited to areas where private initiative was deficient. Public ventures, furthermore, were to be purely commercial and public sector preserves were to be limited to defence and internal security.

Salient Features of the Plans

From the above review, the following are worth noting. Firstly, the financing of investment under the plans was viewed not in terms of raising individual or corporate savings effort of the society but rather in terms of generating surpluses from agricultural export production in the case of the second plan, and crude oil export in the Third and Fourth Plans. Secondly, the Second and Third Plans both accorded a leading role to government and only in the Fourth Plan was there a shift in perception and a redefinition of the appropriate involvement of the government in the private sector. Thirdly, contrary to expectation, the Second Plan accorded first priority to government direct investment in agricultural and industrial production and only second order priority to infrastructure. Arising from the expectation that finance would not be a constraint, the Third Plan specified no priorities per se. In the Fourth Plan however, economic and social infrastructures though coming behind agriculture, belonged in the first order of priority. Fourthly, indigenisation was a major target of the Second and Third Plans while the Fourth Plan contained no such emphasis. Fifthly, the Third Plan which had been drawn up in expectation of plentiful financial resources strongly emphasised income redistribution via subsidies on consumption. That plan however, contained measures intended to remove some of the price disincentive to agricultural export production. Finally, the Fourth Plan, while it left intact the prevailing system of pricing of goods and factors, had many of the elements of the current approach to the management of the economy.

Policies and Instruments

The import substitution strategy was no doubt the main instrument for long-term growth and development in the period. Other sectoral growth policies came within its ambit while macro instruments such as fiscal, monetary and exchange rate policies more often than not were constrained by the short-term problems arising from this strategy of development. Import substitution in Nigeria was associated with very high tariff and non-tariff protection of domestic manufactures, relatively low rates of tariff on intermediate and capital goods and exchange rates that kept the cost of imported inputs relatively low. More importantly, the strategy depended for its success on adequate supply of imported intermediate and capital goods which in turn depended on foreign exchange earnings by other sectors of the economy. In the Nigerian case, industrial growth was substantially financed initially from surpluses earned from agricultural exports and later by earnings from crude oil exports. The system of protection and the exchange rate in particular, furthermore created a strong bias in favour of the production of domestic import substitutes and against manufactured as well as primary agricultural exports.

In the case of agriculture, the deterioration in production performance in the 70s and 80s as we shall see, was due to several factors apart from the adverse effects of policy. In addition to the backward production technology, the sector had also suffered from the rural-urban migration which intensified during the civil war and was further exacerbated by the "oil boom".

Among measures taken to modernise the sector and boost production were: subsidised provision of inputs including seeds, fertilisers and tractor services, relatively low interest loans including the credit guarantee scheme; government involvement in direct production and, programmes of water conservation and irrigation including the activities of the River Basin Authorities. These and various other measures however, did not produce the expected boost in output and food shortages were evident. As production short-falls pushed up food prices, the typical response was to increase importation. In fact some of the importation was subsidised especially in the 1970s because of government concern for the urban and rural poor.

Fiscal policy generally oscillated between tight import controls and some liberalisation depending on the external situation, while import prohibition, import licencing and tariffs became the main tools of fiscal policy. In periods when oil export receipts were buoyant, government expenditure was increased substantially in part to provide subsidised imports for consumption. The resulting overheating and inflationary pressures were countered by direct price controls, credit controls and an institutionalised incomes policy. When oil export earnings slowed down, government expenditures nevertheless maintained a significant upward trend due mainly to commitments arising from the development plans — the consequence of which were the relatively high budget deficits especially in 1978 and 1981-1983.

Monetary policy on the whole tended to accommodate the Federal government's borrowing requirement. Initially, there was a policy of maintaining low interest rates so as to ease the government's domestic debt service and encourage private sector investment spending. Sometimes the low rates were combined with a fairly tight control on total credit as a way of controlling inflation. From about 1974, however, the policy of rigid and low interest rates gave way to gradual increases in both deposit and lending rates.

However, the more versatile monetary tool has been the selective credit allocation instrument. Within specified overall ceilings on total credit, this instrument has been used continuously since 1969 to induce the flow of credit to target economic sectors, Nigerian-owned businesses, and more recently, small-scale industries.

In the management of the external sector, the main instruments of control were comprehensive foreign exchange allocation, import prohibition, import licensing and import tariffs. The exchange rate was an administered rate which for the most part, was kept within a narrow band of fluctuation. For a while during the 'oil boom' years, the rates were adjusted in such a way as to reduce the cost of imports and so minimize imported inflation. In more recent years however, the rates have been adjusted downwards as a matter of policy.

Performance of the Nigerian Economy, 1970-1985

Perhaps, it is a measure of the extent of economic advancement of the country that information on a good number of the quantitative and qualitative indications of the country's development are not readily available. Comprehensive and regular data on productivity and income distribution, just to mention two of the most important, for example are not available. Employment and unemployment data continues to be inadequate. The following discussion therefore is partial in coverage.

In the period, 1970-85, there occurred no doubt, a big expansion in the social and economic infrastructures of the country even though they were and continue to be far from adequate in both quantitative and qualitative terms. Educational infrastructure at various levels were vastly expanded and so was health. The transportation and communication networks were also expanded and so were power, public water supply and housing. The financial system also witnessed great expansion as well as increased sophistication. There were at the end of 1985, a total of 1297 commercial bank branches compared to 302 in 1970 — the growth especially in more recent years being partly the outcome of the rural banking programme begun in 1977. In addition to commercial banks, there were in 1985, 12 merchant banks with 26 offices and 4 development banks, two of which emerged in the 1970s. The capital market also expanded substantially in terms of the number of stocks quoted and traded as well as the number of firms registered to deal on the exchange. Regulation and development of the market was furthermore enhanced by the setting up in 1978 of the Nigerian Securities and Exchange Commission.

The expansion of various infrastructures and institutional developments notwithstanding, the economy has had a poor growth recorded especially since 1978. While real gdp expanded by an average of 7.3 per cent per year in the period 1970 to 1977, the performance from 1978 to 1985 showed a decline averaging 2.2 per cent per year. For the period 1970-1985 as a whole, the increase in gdp averaged 2.2 per cent, somewhat below the 2.5 per cent official rate of population growth. In effect, the country's per capita income remained unchanged for a decade and a half. (See Table 1)

There were other features of our growth performance tht are of concern. The impressive growth performance in the period, 1970 to 1978 was largely propelled by the expansion in the mining sector averaging 13.5 per cent per annum. The decline since then has also been associated with the decline averaging 4.1 per cent in the output of the sector. While the manufacturing sector recorded vigorous growth averaging 11.4 per cent in period 1970-1985, the relatively small size of the sector largely accounted for the otherwise good performance. The sector accounted for only 10.0 per cent of real gdp in 1985. Agricultural output fluctuated somewhat but the overall trend was downward. In fact agricultural output in 1985 was below its level in 1970 in real terms. Thus the mining sector or more specifically, crude oil production was the dominant factor in the country's overall growth performance.

Crude oil export earnings furthermore, occupied a position of overwhelming dominance as a source of foreign exchange. As Table 2 shows, oil earnings as a proportion of total export earnings, grew from 57.6 per cent in 1970 to the peak of 98.6 per cent in 1982. Its contribution to total export earnings stood at 97.2 per cent in 1985. The reason for this dominance was not the growth of crude oil earnings alone. It was also a reflection of the downward trend in non-oil earnings. Non-oil earnings fluctuated widely in the period, reaching a peak of ₦670 million in 1978 and a trough of ₦120.9 million in 1982. It stood at ₦240.0 million in 1985 down from ₦376 million in 1970.

Oil revenue had also become the major source of government revenue. From the relatively modest level of 26.3 per cent of total in 1970, the direct contribution of crude oil reached a peak of 82.1 per cent in 1974. Its contribution declined somewhat after 1974 but it again attained 81 per cent in 1979 and 1980. It fluctuated moderately after 1980 and averaged 70.8 per cent for the period 1981-1985.

Crude oil earnings however tended to be volatile and dependence on it to the extent illustrated above, resulted in serious and continual domestic and external instability. Driven in part by the commitments under the development plans, government expenditures maintained a strong upward trend, resulting in frequent and relatively large budget deficits.

Following four successive years of surpluses in its budget from 1971-1974, the overall position of the Federal government swung to deficit and has remained so ever since, with the exception of 1979. The deficits as a proportion of gdp ranged from a low of 2 per cent in 1975 to 10.0 per cent in 1982 and averaged 6.2 per cent in the period 1980-1985. The deficits have been accompanied by phenomenal increases in the domestic debt of the government. The outstanding debt rose from ₦1,040.0 million in 1970 through ₦7,282.3 million in 1979 to ₦27,952.0 million at the end of 1985. Government borrowing from the banking system which maintained a generally downward trend up to 1976 turned sharply upwards in 1977. It slowed down in 1979 and 1980 following which it again resumed a sharp upward trend. In 1981 alone, banking system credit to government showed an increase of 84.1 per cent. The pace of increase has slowed down since then. It reached the low of 0.4 per cent in 1985. The increase in Federal government deficits has been closely associated with the trend in the general price level. As column 8 and 9 in Table 3 shows, the trend in the country's inflation rate basically correlates well with the trend in net banking system credit to the government.

As regards the external sector, one of two major contributory factors to instability was the rapid growth in imports. The increase imports in 1975 alone was 114.2 per cent (see Table 4). Imports grew by an average of 38.3 per cent per year in the period 1970 to 1978 but slowed down to 1.6 per cent in the period 1979-1985. After recording sharp increases in 1980 and 1981, the level of imports contracted for three successive years before recording an increase in 1985. The ratio of imports to gdp reached a peak of 25 per cent in 1981 and stood at a modest low of 10.5 per cent in 1985.

The other set of factors in the country's external sector behaviour were the sharp fluctuations in earnings from exports. These exports when matched against total imports of goods and services resulted in the current account balance presented in Table 5. While the current balance was in reasonable balance up to 1977, the deficits that occurred in some years thereafter were substantially larger than the surpluses of other years. The current account deficits in both 1982 and 1983, two fo the worst years, together came to ₦7,158.4 million — resulting in total reserve losses of ₦4,419.1 million. The difference is to be explained mainly by capital inflow in the form of trade arrears which contributed mainly to the sharp jump in the country's external indebtedness from ₦2,331.2 million in 1981 to ₦8,819.4 million in 1982.

By 1985, the outstanding external indebtedness of the country had climbed to ₦17,290.6 million. Correspondingly the debt service ratio which was an insignificant 0.7 per cent in 1980 jumped sharply to 8.9 per cent in 1982, 17.5 per cent in 1983, and 33.2 per cent in 1985. It became clear that unless some accommodation was sought with creditors, the country could not sustain the debt service burden without a major reduction in living standards as well as investment and consequently long-term growth. This was partly the background to the efforts still being made to re-schedule the country's debt.

The main economic issues in Nigeria by the end of 1985 therefore were economic growth, unemployment, domestic and external stability, the debt burden and the fundamental structure of production and consumption. It was evident that if the country was to overcome these monumental problems in all these areas, some re-examination of the way the economy was being managed was inescapable. This then was the background to the current approach to be considered in the next section.

PART III THE CURRENT APPROACH

At the beginning of Part I of the paper we outlined the reforms in the price system with respect to commodities, foreign exchange, loanable funds and labour and suggested that the changes fundamentally altered the method of managing of the economy. These and various changes comprising the structural adjustment programme are considered here. Specifically we examine the new approach to industrialisation and review developments affecting the foreign exchange market, (FEM), monetary policy, debt rescheduling and some issues affecting governments finance.

Industrial Development

The main elements of the current approach to industrialisation born out of the country's experience with import substitution, include, the encouragement of intermediate goods production, increased competitiveness of manufacturing, and export promotion.

The overall goal is to evolve a manufacturing sector which is substantially dependent on local raw materials, has substantial export capability and is reasonably competitive internationally. Such a vibrant manufacturing sector would solve the foreign exchange problem associated with the large dependence on imports, increase the linkage effects of manufacturing and diversify the country's export base.

The main instruments for achieving these ends include, the tariff reform package, the package of incentives for export development and the exchange rate. The tariff structure, while guaranteeing protection to domestic industries, is also aimed at improving efficiency by eliminating the distortions associated with the old structure. The tariff along with other measures to liberalize trade are designed to expose domestic industries to some competition as the only way to ensure that industries remain innovative. Apart from the adjustment in the Naira value, exports are being encouraged by a host of incentives, including, the abolition of export duty, the duty draw-back facility, the allowance granted exporters to retain export proceeds in full, export bills refinancing facility and the proposed export guarantee scheme.

Agricultural exports also benefit from the export incentive programme. This sector was given immediate boost by the exchange rate adjustment and the abolition of the old marketing scheme through commodity boards and the Nigerian Produce Marketing Co.

Foreign Exchange Market (FEM)

SFEM and now FEM, as is commonly known, is essentially a device aimed at finding a price of foreign exchange that would help optimise resource use, eliminate the bias against export activities and obviate the bureaucratic problems associated with the exchange control system that preceded it. The operation of FEM has gone through several changes as problems arose and valuable lessons have been learnt along the way. The volatility of the rates from one bidding session to the other has been much less than they were in the early days and the dispersion of bids around the average are considerably narrower. The Central Bank has found moral suasion to be useful in bringing about some stability in the rates and discouraging the tendency of dealers to ignore the economic fundamentals of the country in making bids. In the long-term, the stability of the Naira exchange rate however lies in increasing the level of exports, especially non-oil exports and switching demand to locally-produced inputs and finished goods.

Monetary Policy

The change in the approach to monetary policy may be considered from the point of view of the three major tools of policy employed in Nigeria. These are the credit ceiling, sectoral credit allocation and interest rate policy. This separation is only for convenience as their effects are not separable. For example, the credit ceiling would affect interest rates under the current set up.

Credit ceilings have been a major instrument of short-run stabilisation, the objective of which is to limit money supply growth to the level compatible with the expected rate of economic growth without domestic and external instability. In its application up to 1987, bank loans and advances to the top priority sectors were not strictly limited by the ceiling. However, this tended to allow for credit expansion considerably above the ceiling in years such as 1986 wheu the private sector witnessed some re-surgence in activity. All sectors have consequently been brought within the ceiling. In a further modification in 1988, the control of merchant bank credit was tightened. Under the change, merchant banks are to observe a rate of growth in loans and advances based on outstanding deposit liabilities at the end of the preceding year.

Sectoral credit allocation has been a versatile instrument employed by the Central Bank to regulate credit in the system. It has been employed in some form since the sixties and continues to be an important instrument of policy. For most of the 1970s and 1980s, this instrument was employed in combination with overall ceilings on credit and is designed to encourage investment and growth of the real sectors of the economy while discouraging lending for trading and private consumption. It has also served as an instrument for giving support to indigenous businesses and small-scale industries. In their modified form beginning in 1987, the number of sectors has been reduced to two broad categories, "high priority sectors" and "other" to minimize any inefficiencies inherent with the previous system. However, agricultural production, manufacturing enterprises, rural borrowers and small-scale wholly owned Nigerian businesses continue to be activities of great concern for policy.

Interest Rate Policy

Interest rate was the subject of much heated controversy in 1987. While everyone appeared to agree with deregulation in principle, there were various views about what should be the appropriate level of rates. The Central Bank rediscount rate which is the reference rate has subsequently been lowered by 2.25 percentage points to 12.75 per cent and banks have followed by lowering their own rates. The various issues involved could be considered from two viewpoints. Firstly, there is the short-term aspect which has to do with how the prevailing rates affect business costs, businessmen's expectations about the likely course of aggregate output and how such expectations affect investment decisions. Concern with these issues led to fears of further recession. However, there is a second aspect which has to do with long-term consumer choices about consumption and saving. Clearly, long-term growth considerations call for increased savings and more efficient use of investible resources. The case for positive interest rates therefore rests on the need to alter relative prices in favour of higher savings, more productive investment and consequently higher long-term performance.

Fiscal Policy

There are perhaps three main goals of fiscal policy under the on-going programme of structural adjustment. These are domestic stability, revenue diversification, and public investment policies. As we tried to show in the previous section, the dependence on crude oil as a source of government revenue had been such that government finances were vulnerable to factors outside the government's control. The other issue, related to the first, is the issue of large and de-stabilising deficits. Both of these call for improvement in revenue via greater efficiency in collection and new tax sources as well as the control of expenditure. In addition, it has since become evident, that extensive direct government involvement in private sector activities has been a source of considerable inefficiency. Government support by way of loans and subventions furthermore has contributed to the lack of adequate control over the deficits. The imperative to deal with both of these underlies the commitment to commercialisation and privatisation. The idea of government as leader in various areas of business so promising in the 1970s appears, in the light of experience, to be mistaken.

Debt Restructuring

The restructuring of the country's external obligations has been a key element in the economic reform effort. The size and maturity structure of the outstanding obligation at the end of 1985, a substantial re-structuring of outstanding obligations had become essential to the success of the structural adjustment programme. Arising from the large build-up of trade arrears, from 1982 the country's outstanding external obligations rose from $3.7 billion at the end of 1981 to $13.1 billion in 1982 and $17.3 billon by the end of 1985. The debt service ratio rose from about 5 per cent in 1981 to an unsustainable 33.2 per cent in 1985.

An Appraisal

The first step in the debt re-structuring exercise was taken in 1983 with the refinancing of $2,112.0 million due on letters of credit[7]. This was followed in the next year with the refinancing of other trade arrears under the promissory notes scheme. Total issues subsequently reached $3,186.5 million for uninsured creditors while claims worth $1.8 millon were confirmed for insured creditors at the end of 1987.

The next step in the debt re-structuring effort has been the rescheduling of short, medium and long-term obligations within the framework of the London and Paris Clubs. Important agreements have been concluded in these spheres to relieve the immediate pressures while efforts continue towards the rescheduling of outstanding obligations maturing in the next few years. In the long-term however, there seems a clear need to seek a reduction in the size of the debt via debt conversion schemes as part of a general solution of the debt problem.

The ultimate goals of existing policies are essentially medium to long-term in nature, requiring new investments and basic shifts in consumption. Moreover, necessary adjustments in policies have had to be made to facilitate the attainment of the desired goals. A good example of this was the tariff structure which came into force in January 1988 and which is a key element of the new policy on industrial development. Furthermore, it has taken some time to put in place various other incentive measures for industry in general and manufacturing export sub-sector in particular. Only a general review of overall trends is therefore possible at the present time.

Within the agricultural sector, the boost in the prices of major export commodities, have perhaps been the most dramatic result. Export volumes are yet to respond, but given the substantial increase in prices received by farmers, this would only be a matter of time. In the manufacturing sector, indications from surveys conducted by the Central Bank are that manufacturers are increasing their intake of raw materials produced locally. The foreign exchange market (FEM), has facilitated access to foreign exchange and contributed to greater economy in the use of this scarce resource. However, these trends are tentative and progress will depend on investments undertaken to expand the production of both primary commodities and processing and manufacturing plants which are expected to produce the needed intermediate goods.

Total output as measured by gdp indicated some recovery in 1987 following the decline of 1986. Manufacturing output recorded appreciable increases although capacity utilisation rates remained relatively low for several subsectors of manufacturing. The general problem appeared to have been a sluggish growth in consumer demand as manufacturers in general carried relatively large inventories of finished goods. Agricultural output, on the other hand, was hit by the drought situation reported in some parts of the country.

Indications are that there was an acceleration in inflation in 1987, due mainly to supply factors. Figures from the FOS for October 1987 indicated an inflation rate of 10.3 per cent although this is expected to be slightly lower by the end of the year. The inflation rates in 1986 and 1985 had been 5.5 and 5.4 per cent respectively.

Substantial progress has been made to consolidate and restructure the country's external obligations. The ultimate goal is to bring down the debt service obligations to sustainable levels. This would also pave the way for fresh inflows in areas of need.

[7] These claims were fully repaid by July, 1986.

PART IV

Summary and Conclusions

We now summarise the key issues considered in this paper and make some tentative observations by way of conclusion. The paper firstly, addressed the issue of what the appropriate role of government should be in a mixed economy such as our own. As we discussed at some length, a major thrust of the ongoing economic reform programme consists in de-regulating various commodity and factor markets as well as curtailing government direct involvement in private sector activity.

The broad conclusion from our examination of the issue is that there is need to avoid dogmatism because of the complexities involved. Nigeria's past experience in managing the economy, clearly justifies the current experiment with unregulated markets as the basic tool for allocating resources. However, the limitations of the private market should be borne in mind. Firstly it does not address the issue of income distribution from an ethical perspective. Secondly, when markets fail for any of the reasons discussed in the paper, the result is allocative inefficiency.

The paper next considered the economic objectives and strategies, policies and instruments as well as the economic performance of the country in the period 1970 up to 1985 and highlighted a number of issues which present us with an insight into the economic management over the period. It was suggested that the development plans provided the basic policy framework in the period while planning as a tool for long-term development contributed in bringing about an eclipse of the private sector in economic decision-making. Among the various features of planning up to 1980 were; the leading role assigned to government in bringing about growth and development of the private sector, the reliance on commodity export surpluses and the relative neglect of the role of private savings in the financing of development, and the inadequate appreciation of the key role of economic infrastructure (including education), in the development process. By the Fourth Plan, the experiences of the past had brought a greater sense of realism in the choice of objectives and in the setting of priorities. The private sector rather than government had also been accepted as the prime mover in industry.

From our review of policies and measures employed in the period, it seems clear that the country basically pursued an inward-looking development strategy centred on import substitution and characterized by pervasive government control and regulation of various markets. By 1985, the problem of economic stagnation and growing unemployment had been compounded by sharply increasing prices and intense pressures in the country's external sector, resulting from the rapid build-up of trade. It also became clear that these serious problems of instability were the consequence of the prevailing structure of production and consumption in the country. Hence, government adopted the current programme of economic reform.

We conclude with the following observations on some aspects of the current economic programme which appear to have great potential for placing the country on a course of self-sustaining economic development.

Firstly, the emphasis on efficiency and private markets is a healthy departure from the past. Some of the advantages have become evident especially in the areas of goods and foreign exchange markets. There is need however to consolidate these efforts with measures to remove various forms of market imperfections. Also the ongoing re-appraisal of government involvement in purely private sector activities is necessary. All too often, essential economic and social infrastructures have suffered while public funds were poured into projects that have proved uneconomic. A pragmatic approach on these issues is called for.

Secondly, the momentum needs to be maintained in the pursuit of the goal of economic structural change in order to guarantee sustained development. The policies aimed at evolving a more integrated and more self-sufficient industrial structure as well as those aimed at encouraging exports must be made to succeed.

Thirdly, the exchange rate assumes the major role of maintaining external stability under the current policy regime. Consequently, the value of the Naira can be expected to remain under considerable downward pressure perhaps, until the desired changes in production and consumption materialises. New capital inflow would help ease the pressure and thus allow for moderate domestic expansionary policies. In the absence of such inflows, monetary and fiscal stimulus would be severely constrained.

Finally, while substantial progress has been made to stretch out the maturities of the country's external debt, there is need for progress on the proposals for debt conversion and other arrangements for reducing the country's external iudebtedness.

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GROSS DOMESTIC PRODUCT AT 1977/78 FACTOR COST 1970/71 TO 1985

Table 1

(₦' Million)

Year	Total	Agric.	Manuf.	Mining	Percentage Changes Total	Percentage Changes Agric.	Percentage Changes Manuf.	Percentage Changes Mining
1970/71	19,422.0	7,749.1	630.7	3,653.4	—	—	—	—
1971/72	21,453.3	8,121.9	614.2	5,119.7	10.5	+4.6	−2.6	42.3
1972/73	22,811.1	7,548.7	755.5	6,062.4	6.3	−7.1	23.0	18.4
1973/74	24,850.3	7,615.9	900.9	6,435.3	8.9	0.9	19.2	6.2
1974/75	27,843.3	8,474.9	960.2	7,967.2	12.0	11.3	6.6	23.8
1975/76	27,172.0	7,639.2	1,186.5	6,276.4	−2.4	−9.9	23.6	−21.2
1976/77	30,018.4	7,602.3	1,463.5	7,690.1	10.5	−0.5	23.3	22.5
1977/78	31,520.3	7,401.6	1,695.5	7,904.9	5.0	−2.6	15.9	2.8
1978/79	29,212.3	6,002.9	2,168.9	6,872.7	−7.3	−18.9	27.9	−13.1
1979/80	29,947.9	6,033.4	2,599.1	8,264.5	2.5	0.5	19.8	20.3
1980	31,546.7	6,501.8	3,485.8	7,437.0	5.3	7.2	34.1	−10.0
1981	28,899.1	6,113.6	2,179.7	5,339.2	−8.4	−6.0	−37.5	−28.2
1982	27,974.0	7,005.9	1,828.3	4,680.1	−3.3	14.6	−16.1	−12.3
1983	26,217.8	6,792.6	2,318.8	4,497.0	−6.3	−3.0	26.8	−3.9
1984	24,845.5	6,638.1	2,041.9	4,874.7	−5.2	−2.3	−11.9	8.4
1985	26,158.7	6,947.7	2,433.9	5,184.7	5.3	4.7	19.2	6.4
Average Percentage Change					2.2	−0.4	11.4	4.2

Source: GDP aggregates obtained from Federal Office of Statistics (FOS).

NIGERIA'S EXPORTS 1970-1986

Table 2

(₦' Million)

Year	Total Export Earnings	Total Oil Export Earnings	Total Non-oil Export Earnings	Proportion of Oil to Total Export Earnings	Proportion of Non-oil to Total Export Earnings	Percentage Change Total Export	Percentage Change Oil Export	Percentage Change Non-oil Export
1970	885.6	509.6	376.0	57.6	42.4	—	—	—
1971	1,293.4	953.0	340.4	73.7	26.3	46.0	87.0	−9.5
1972	1,434.2	1,176.2	258.0	82.0	18.0	10.9	23.4	−24.2
1973	2,277.4	1,893.5	383.9	83.1	16.9	58.8	61.0	48.8
1974	5,794.8	5,365.7	429.1	92.6	7.4	154.4	183.4	11.8
1975	4,925.5	4,629.9	295.6	94.0	6.0	−15.0	−13.7	−31.1
1976	6,751.1	6,196.2	554.9	91.8	8.2	37.1	33.7	87.7
1977	7,630.7	7,080.4	550.3	92.8	7.2	13.0	14.3	−0.8
1978	6,064.4	5,652.9	411.5	93.2	6.8	−20.5	−20.2	−25.2
1979	10,836.8	10,166.8	670.0	93.8	6.2	78.7	79.9	62.8
1980	14,186.7	13,523.0	663.7	95.3	4.7	30.9	33.0	−0.9
1981	10,876.8	10,680.5	196.3	98.2	1.8	−23.3	−21.0	−70.4
1982	8,722.5	8,601.6	120.9	98.6	1.4	−19.8	−19.5	−38.4
1983	7,502.5	7,201.2	301.3	96.0	4.0	−14.0	−16.3	149.2
1984	9,088.0	8,840.6	247.4	97.3	2.7	21.1	22.8	−17.9
1985	11,214.8	10,890.6	324.2	97.1	2.9	23.4	23.2	31.0
1986	8,513.0	8,273.0	240.0	97.2	2.8	−24.1	−24.0	−26.0

Source: CBN Economic & Financial Review.

MONEY STOCK, CREDIT AND PRICE LEVEL: 1970-1986

Table 3

(₦' Million)

Year	M	Credit to the Economy	Credit to Government	Credit to the Private Sector	Deposit Interest Rates	Maximum Lending Rates	CPI (1975 = 100)	Inflation	Percentage Change in Credit to Govt.	Govt. Credit as Percentage of Total
1970	608.3	1,140.4	662.4	478.0	4	12				58.1
1971	628.9	1,122.6	531.4	591.2	4	12			−19.8	47.3
1972	700.2	1,269.2	519.0	750.2	4	12			−2.3	40.9
1973	827.2	1,342.5	497.1	845.4	4	12			−4.2	37.0
1974	1,178.4	−463.9	−1,534.1[1]	1,070.2	4	12			−4.1	330.7
1975	2,044.1	488.6	1,281.5[1]	1,770.1	3	9	100.0	—	—	—
1976	3,293.0	2,617.3	199.5	2,417.8	4	10	123.4	23.4	115.6	7.6
1977	4,794.4	5,537.4	2,094.4	3,443.0	4	10	143.0	15.8	111.6	37.8
1978	4,785.0	8,059.9	3,336.9	4,723.0	5	11	166.7	16.5	59.3	42.4
1979	6,146.6	8,855.2	3,438.5	5,416.8	5	11	186.3	11.7	3.0	38.8
1980	9,226.8	10,780.1	3,589.2	7,190.9	6	11½	204.8	9.9	4.4	33.3
1981	9,744.9	16,261.4	6,607.2	9,654.2	6	11½	247.5	20.8	84.1	40.6
1982	10,048.5	21,869.7	10,528.2	11,371.5	7½	13	266.5	7.6	59.3	48.1
1983	11,282.4	28,182.1	15,824.5	12,353.9	7½	13	328.5	23.2	50.3	56.2
1984	12,204.1	31,141.6	18,194.5	12,942.0	9½	13	458.4	39.5	15.0	58.4
1985	13,267.8	32,680.3	18,265.0	13,700.0	9½	13	483.7	5.5	0.4	55.9
1986	12,204.1	36,820.2	19,455.3	17,364.9	9½	15	509.7	5.4	6.5	52.8

Source: CBN EFR & Other Publications

[1] Credit outstanding to Government net of Federal Government deposits with the Central Bank was negative.

NIGERIA'S TOTAL IMPORTS 1970-1986

Table 4

(₦' Million)

Year	Oil Sector	Non-oil Sector	Total Imports	GDP at Current Factor Costs	Percentage of Imports to GDP	Percentage Change in Total Imports
1970	52.2	704.2	756.4	5,205.1	14.5	—
1971	50.6	1,028.4	1,079.0	6,570.7	16.4	42.6
1972	45.2	944.9	990.1	7,208.3	13.7	8.2
1973	41.0	1,183.8	1,224.8	10,990.7	11.1	23.7
1974	52.4	1,684.9	1,737.3	18,298.3	9.5	41.8
1975	118.0	3,603.6	3,721.6	20,957.9	17.8	114.2
1976	95.0	5,053.5	5,148.5	26,655.7	19.3	38.3
1977	102.2	6,991.5	7,093.7	31,520.3	22.3	37.8
1978	110.0	8,101.7	8,211.7	34,540.1	23.8	15.8
1979	230.0	7,242.5	7,472.5	41,947.7	17.8	-9.0
1980	241.5	9,416.6	9,658.1	49,632.3	19.5	29.2
1981	199.8	12,719.8	12,919.6	51,615.4	25.0	33.8
1982	225.5	10,545.0	10,770.5	52,027.8	20.7	-16.6
1983	171.6	8,732.1	8,903.7	54,325.1	16.4	-17.3
1984	282.4	6,895.9	7,178.3	68,670.0	10.5	-19.4
1985	299.4	7,633.5	7,932.9	78,790.1	10.1	10.5
1986	400.0	5,069.7	5,469.7	81,300.0	6.7	-31.1

Source: Central Bank of Nigeria.

BALANCE OF PAYMENTS — SUMMARY STATEMENT 1970-1986

Table 5

(₦' Million)

Year	Balance on Current Account	Balance on Current and Capital Account	Overall Balance	Reserve Movement[1]	External Reserves
1970	-50.0	11.2	58.6	-58.6	156.6
1971	-229.4	74.4	127.8	-127.6	281.4
1972	-322.7	-43.3	-39.6	39.6	243.6
1973	52.7	197.5	174.4	-174.4	378.0
1974	3,062.5	3,056.6	3,102.2	-3,102.2	3,460.8
1975	42.6	183.7	157.5	-157.5	3,448.5
1976	-359.3	-309.9	-339.9	339.9	3,122.5
1977	-647.5	-497.1	-527.2	527.2	2,590.3
1978	-2,386.9	-1,275.0	-1,293.6	1,293.6	1,249.1
1979	1,009.5	1,822.7	1,868.9	-1,868.9	3,063.6
1980	2,355.3	2,452.7	2,402.2	2,402.2	5,469.1
1981	-3,998.4	-3,068.9	-3,020.8	3,020.8	2,424.8
1982	-4,879.5	-1,408.6	-1,398.3	1,398.3	1,026.5
1983	-3,160.0	-424.8	-301.3	301.3	781.7
1984	44.1	216.0	354.9	-354.9	1,080.0
1985	1,106.1	468.1	561.1	-561.1	1,641.1
1986	654.9	1,635.1	1,946.3	-1,946.3	3,587.4

Source: Central Bank of Nigeria.

[1] Minus (-) denotes increase in reserves; plus (+) denotes decrease in reserves.

NIGERIA'S EXTERNAL DEBT OUTSTANDING AND TOTAL DEBT SERVICE RATIO: 1970-1986 Table 6

(₦' Million)

Period	Total Debt Outstanding	Debt Service Payments			Total Export Earning	Debt Service Ratio
		Principal	Interest	Total		
1970	488.8	18.6	12.4	31.0	885.6	3.5
1971	214.5	15.2	14.7	29.9	1,293.4	2.3
1972	263.4	14.7	11.5	26.2	1,434.2	1.8
1973	276.9	13.9	16.9	30.8	2,277.4	1.3
1974	322.4	14.2	14.9	29.1	5,794.8	0.5
1975	349.9	9.5	23.2	32.7	4,925.5	0.7
1976	374.6	17.0	13.4	34.4	6,751.1	0.5
1977	496.9	18.2	15.2	25.6	7,630.7	0.3
1978	1,265.7	66.1	94.7	160.8	6,064.4	2.7
1979	1,611.5	65.7	117.2	182.9	10,836.8	1.7
1980	1,866.8	6.2	104.2	101.6	14,186.7	0.7
1981	2,331.2	211.3	307.2	518.6	10,876.8	5.0
1982	8,819.4	321.2	454.0	775.2	8,722.5	8.9
1983	10,577.7	899.6	435.6	1,335.2	7,502.5	17.5
1984	14,536.6	1,856.9	783.6	2,640.5	9,088.0	29.1
1985	17,290.6	2,737.5	980.5	3,718.0	11,214.8	33.2
1986	42,229.5	1,515.0	987.2	2,502.2	8,513.0	29.4

Source: Central Bank of Nigeria.

YEARLY AVERAGE EXCHANGE RATE: 1970-1986 Table 7

(₦' Million)

Year	U.S. Dollar — Naira	Pound Sterling — Naira
1970	1.4000	0.5843
1971	1.4400	0.5829
1972	1.5200	0.6139
1973	1.5200	0.6198
1974	1.5891	0.6759
1975	1.6239	0.7343
1976	1.5960	0.8836
1977	1.5466	0.8568
1978	1.6482	0.8171
1979	1.6591	0.7919
1980	1.8286	0.7907
1981	1.6534	0.8003
1982	1.4856	0.8522
1983	1.3822	0.8916
1984	1.3085	0.9289
1985	1.1206	0.8334
1986	0.7866	

Source: Central Bank of Nigeria

FEDERAL GOVERNMENT FINANCES 1970-1986 Table 8

(₦' Million)

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986[1]
Total Revenue	634.3	1,168.8	1,405.1	1,695.3	4,537.4	5,514.7	6,765.9	8,042.4	7,371.1	10,912.4	15,234.0	12,180.2	11,764.4	10,508.1	11,191.2	14,689.1	12,302.0
Oil	166.6	510.1	764.3	1,016.0	3,724.0	4,271.5	5,365.2	6,050.5	4,555.8	8,880.8	12,353.8	8,564.4	7,814.9	7,253.0	8,269.2	10,923.7	8,107.3
Non-oil	467.4	658.7	640.8	679.3	813.5	1,243.1	1,400.7	1,961.8	2,815.3	2,031.6	2,880.2	3,615.8	3,949.6	3,255.7	2,922.0	3,765.4	4,194.7
Oil Revenue as % of Total	26.3	43.7	54.4	59.9	82.1	77.5	79.3	75.2	61.8	81.4	81.1	70.3	66.4	69.0	73.9	74.4	65.9
Federal Government Retained Revenue	366.4	838.0	1,074.1	1,388.0	3,894.3	4,474.7	5,623.1	6,469.5	6,131.1	8,868.4	12,138.7	7,269.6	7,500.0	6,234.1	6,996.0	9,723.3	7,969.4
Total Expenditure	838.8	639.0	977.3	1,091.3	2,097.5	4,902.1	6,691.3	7,368.0	8,520.1	7,406.7	14,113.9	11,438.4	12,940.4	9,949.7	9,553.6	13,220.5	16,223.7
Current	638.3	492.9	681.4	656.2	874.0	1,695.0	2,672.5	2,348.1	3,427.8	3,187.2	6,022.0	5,739.1	7,417.9	5,916.0	6,275.7	7,215.3	7,696.9
Capital	200.5	146.1	295.9	435.1	1,223.5	3,207.1	4,018.8	5,019.9	5,092.3	4,219.5	8,091.9	5,699.3	5,522.5	4,033.7	3,277.9	6,005.2	9,076.8
Overall — Surplus/Deficit	–473.1	199.0	96.8	296.7	1,796.8	427.4	1,068.2	–901.5	2,389.0	1,461.7	–1,975.2	–3,928.6	–5,440.4	–3,715.6	–2,615.1	–3,580.2	8,254.3
GDP at Current Prices	5,205.1	6,570.7	7,208.3	10,990.7	18,298.3	20,957.9	26,655.7	31,520.3	34,540.1	41,947.7	49,632.3	51,615.4	52,027.8	54,325.1	68,670.0	78,790.1	81,300.0
Ratio of Deficit to GDP (%)	10.0	—	—	—	—	2.0	4.0	3.0	7.0	—	4.0	7.0	10.0	7.0	4.0	5.0	10.2
Domestic Debt to the Federal Government	1,040.0	1,074.8	1,000.7	1,061.2	1,266.6	1,678.9	2,630.0	4,636.0	5,983.1	7,282.3	7,918.5	11,445.5	14,847.5	22,224.3	25,675.0	27,952.0	28,439.7

Source: Central Bank of Nigeria

[1] Revised