AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D. C. 20523

BIBLIOGRAPHIC INPUT SHEET

FOR AID USE ONLY
Batch 59

1. SUBJECT CLASSIFICATION	A. PRIMARY	TEMPORARY
	B. SECONDARY	

2. TITLE AND SUBTITLE
Communalism and the gains from development,the case of Nigeria

3. AUTHOR(S)
Rimlinger,G.V.

4. DOCUMENT DATE	5. NUMBER OF PAGES	6. ARC NUMBER
1976	57p.	ARC

7. REFERENCE ORGANIZATION NAME AND ADDRESS
Rice

8. SUPPLEMENTARY NOTES *(Sponsoring Organization, Publishers, Availability)*
(In Program of Development Studies. Paper no.74)

9. ABSTRACT
(Economics R&D)

10. CONTROL NUMBER PN-AAD-631	11. PRICE OF DOCUMENT
12. DESCRIPTORS	13. PROJECT NUMBER
	14. CONTRACT NUMBER AID/otr-C-1394 Res.
	15. TYPE OF DOCUMENT

AID 590-1 (4-74)

PROGRAM OF DEVELOPMENT STUDIES
121 Sewall Hall
WILLIAM MARSH RICE UNIVERSITY
Houston, Texas 77001

Paper No. 74

Communalism and the Gains from Development: The Case of Nigeria

by

Gaston V. Rimlinger

Fall, 1976

The author is the Reginald Henry Hargrove Professor of Economics at Rice University. This paper reports research related to AID contract no. AID/otr-C-1394, on Distribution of Gains, Wealth and Income from Economic and Political Development, Phase II. Program Discussion Papers are preliminary materials circulated to stimulate discussion and critical comment. References in publications to Discussion Papers should be cleared with the authors to protect the tentative character of these papers.

Abstract

Communalism and the Gains from Development:
The Case of Nigeria

Gaston V. Rimlinger

Nigeria is a country with a large number of ethnic groups, which are unequal in size and have had unequal access to natural resources. Institutional development during the colonial era, especially with regard to education, added inequalities in trained human resources to the inherited inequalities in natural resources. Nonetheless, during the phase of modernization which began after World War II ethnic or communal affiliation became the major basis for the organization of social action. The prospect of increasing gains from development stimulated strong competition among these groups. Until the civil war intergroup economic inequality probably increased, although no comprehensive measures are available. Since 1967 the government has become keenly aware of the need to counteract the prevailing inequalities among groups. Even development of all areas of the country has become a major policy objective, and a number of measures have been taken aiming at achievement of the goal of increased equality. Foremost among these measures are the political reorganization of the country from three regions into nineteen states, the restructuring of federal revenue allocation to the states, the promotion of universal primary education, and a vast expansion of the university system. All of these measures have been carried out in a context of emphasis on national unity and a highly critical official attitude toward manifestations of tribal preference in public affairs.

Communalism and the Gains from Development:
The Case of Nigeria

1. Introduction

This paper is part of a broader study on the implications of communalism for the distribution of gains from development in less developed countries. In recent years, communal groups have begun to attract considerable attention, particularly from political scientists and sociologists.[1] The main reason for this attention is the growing recognition of the importance of the communal principle as a basis for social organization and action. Communal groups share a common identity based on primordial ties, such as a common national or ethnic background, or a common language, religion, or culture. In present day communalism, these primordial ties have been combined with overlapping economic and political interests to provide a strong cohesion and direction for group action. "Ethnicity has become salient," Daniel Bell has noted, "because it can combine an interest with an affective tie."[2] In the less developed countries of Africa and Asia, communal groups have been of particular importance, because they have served as the main vehicle for competition over the benefits and privileges generated by

---

[1] See for instance, Daniel P. Moynihan and Nathan Glazer, eds., Ethnicity (Cambridge, Mass.: Harvard University Press, 1975).

[2] Daniel Bell, "Ethnicity and Social Change," in Moynihan and Glazer, op. cit., p. 169.

modernization and economic development.[1] Classical and Marxist economics have treated this competition mainly in terms of social classes which coincide more or less with broad economic interest groups. The class-oriented approach is inadequate, not because there are no class interests, but because these interests crisscross with communal interests, and at present at least, the communal factor plays a more dominant role in the new countries of Africa and Asia. There are, of course, intracommunal conflicts of interests, just as there are intra-class conflicts.

One of the problems in dealing with communal groups as a basis for analyzing distribution is the lack of theoretical models, such as the classical or Marxist models, which integrate the mechanism of distribution with the social structure. The analysis will, therefore, have to be primarily in empirical terms. To the extent, however, that communal groups occupy an identifiable geographic area, or are employed in identifiable occupations or industries, or are the owners of specific resources, the analytical tools of the economist will be helpful. In developing countries, communal groups usually have a territorial base, which means that the natural endowments and capital investments in their territory are important factors in intergroup distribution of income and opportunities for advancement. Very few areas, however, have a completely homogenous population. Communal income is thus influenced by the import and export of capital and human resources, as well as by ordinary trade between groups. As in international trade, the extent of intergroup trade and the gains therefrom depend largely on reciprocal demand

[1]The political aspects of this competition are well illustrated in R. Melson and H. Wolpe, eds., Nigeria: Modernization and the Politics of Communalism (East Lansing: Michigan State University Press, 1971).

and supply functions. It should be stressed, nevertheless, that the intergroup distribution of gains do not depend solely on market forces. In all developing countries governments have taken on a major role in the planning and management of economic development. To a large extent these governments have made themselves the arbiters of the distribution of the gains from development. This circumstance inevitably tends to politicize the competition between the communal groups, and at the same time it makes a study of government policies a central part of distribution analysis.

In terms of size and internal diversity, and the problems which these factors have created for the country's modernization, Nigeria is extremely well-suited for a study of the implications of communalism. With a population of possibly in excess of 70 million, it is by far the most populous country in Africa. As a result of British colonization, which lasted from 50 to 100 years in different parts, a great diversity of peoples were brought together into one national state. At the time of independence in 1960, the diversity of ethnic origins, languages, religion, and culture had been but little affected by colonization. Indeed, because of the differential impact of westernization, the disparity between groups increased, while at the same time they became increasingly aware of it. In some respects British colonial policy, by its indirect rule relying on traditional authority structures, perpetuated and reinforced communal differences. Aside from this social and historically influenced diversity, the country contains also great variegation in its economic geography. Ecologically it ranges from the tropical rain forest in the South, to the Sahel, the rim of the Sahara,

in the North. From the swamps and rivers in the Niger delta and from the humid coastal lowlands to the savannah, the central highlands, and the arid zone, the people's occupations, crops, food, daily routines, religions, and governmental traditions change as much as their names, languages, domestic animals, and housing. The inevitable disparity in economic potential between areas was only increased by the discovery of large amounts of petroleum in the south and off-shore. Thus, it is not surprising that Nigeria's road to nationhood has been layered with tensions and conflicts between its peoples.

2. Communal Structure

Before proceeding with an analysis of intergroup gains from modernization, a discussion of the size and distribution of the country's population is in order. There are obvious links between the distribution of population, the definition of political and administrative units, and the economic and political claims of various groups. Population censuses thus become part of the economic and political competition between groups and areas. When added to the inherent difficulties of censuses in less developed countries, the rivalry over population figures inevitably results in dubious statistics.[1] Similarly, the drawing of

---

[1] For a discussion of these problems with regard to Nigeria, see R. C. Duru, "Problems of Data Collection for Population Studies in Western Nigeria;" R. K. Udo, "Population and Politics in Nigeria;" and T. M. Yesufu, "The Politics and Economics of Nigeria's Population Census," in The Population of Tropical Africa, ed. by John C. Caldwell and Chukuka Okonjo (New York: Columbia University Press, 1968), pp. 71-77, 97-116.

boundaries for political subdivisions influences allocation and distribution and hence cannot be separated from the intergroup competitive contest.

The recent history of the political geography of Nigeria has necessarily involved considerations of the ethnic structure of the population. Given the great ethnic diversity of the country, which is reflected in an estimated excess of 200 distinct languages, it has never been possible to make ethnicity the overriding criterion for the definition of political administrative units. Nevertheless, the process of "distributing" these units has always been perceived by the country's elite as a fundamental part of the distribution of the gains from modernization. The fiscal side of this distribution will be discussed below. At independence Nigeria was divided into three relatively autonomous regions, in addition to the Federal Territory of Lagos. The three regions corresponded to the country's three major ethnic groups. The Northern Region was the largest and was also the home of the largest ethnic group, the Hausa-Fulani. However, it included sizeable smaller tribes, such as the Kanuri, the Tiv, and the Nupe, as well as a host of minority tribes, mainly in what is known as the country's Middle Belt. The Western Region was the homeland of the Yoruba people, but its eastern provinces were populated by the Edo, Urhobo, and Ijaw ethnic groups. In the Eastern Region, the Ibos were the majority tribe. The minorities in the East included Ijaw, Ibibio, Efik, and smaller groups. In the heavily urbanized Federal Territory, many tribes were represented, but the Yoruba were in the majority. Most of the Europeans and a substantial proportion of the Levantine community also lived in Lagos.

The remainder of the expatriates lived mainly in other cities, especially in Port Harcourt and in Ibadan.

The subdivision of the country into regions had been imposed by the colonial administration in the Richards Constitution (1947). Sir Arthur Richards, the Governor of Nigeria at the time, saw the division as a "natural" grouping of the country's peoples, even though its distributional impact inevitably favored the majority ethnic groups.[1] Leading Nigerians had expressed preference for a larger number of units. Once the colonial arbiter was gone, the competitive strain of modernization soon forced further subdivision. Attempts to carve a Middle Belt Region from the Northern were never successful, but amidst a political crisis the Mid-West Region was created in 1963 from the two eastern provinces of the Western Region.

As Table 1 indicates, the resulting territorial division still left the country imbalanced in favor of the Northern Region, which had over one-half of the country's population and about four-fifths of its territory. This lack of balance became a source of serious instability. Even though the Northern Region, as we shall see, was disadvantaged in terms of the distribution of trained manpower and infrastructure, its overwhelming size gave it dominance with respect to the important political dimensions of distribution. Just before the outbreak of the Civil War in 1967, the deepening national crisis led to the abolition of the regions and the creation of twelve states. The first

---

[1] Eme O. Awa, The Federal Government in Nigeria (Berkeley and Los Angeles: University of California Press, 1964), pp. 17-18.

TABLE 1: Nigeria: Population by Political Subdivisions
1963-1976

1963 Regions	% of area	% of pop.**
Northern	79.0	53.5
Eastern	8.3	22.3
Western	8.5	18.4
Mid-West.	4.2	4.6
Lagos (F.T.)	.0*	1.2
Nigeria	100.0	100.0

1967 States	% of area	% of pop.**
North-West.	17.5	10.3
North-Cent.	7.3	7.4
Kano	4.4	10.4
North-East.	29.2	14.0
Kwara	7.6	4.3
Ben.-Plat.	12.9	7.2
East-Cent.	3.0	13.0
South-East.	3.0	6.5
Rivers	2.2	2.8
Western	8.5	17.0
Mid-West.	4.0	4.6
Lagos	.4	2.6
Nigeria	100.0	100.0

1976 States	% of area	% of pop.***
Sokoto	9.8	8.1
Niger	7.7	2.3
Kaduna	7.3	7.3
Kano	4.4	10.3
Bauchi	6.4	3.9
Borno	12.1	5.3
Gongola	10.6	5.3
Kwara	7.6	4.1
Benue	7.1	5.4
Plateau	5.9	3.6
Anambra	1.6	5.2
Imo	1.4	5.8
Cross River	3.0	6.4
Rivers	2.2	3.2
Oyo	4.5	9.2
Ogun	2.1	2.8
Ondo	1.9	4.9
Bendel	4.0	4.3
Lagos	.4	2.6
Nigeria	100.0	100.0

*less than .05%
** 1963 census figures
*** West Africa estimates

SOURCES: Caldwell and Okonjo, op. cit., pp. 89-90; F. O. Okediji, "The Census Figures and the Credibility Gap," The New Nationalist, Vol. I, no. 4 (May, 1974), p. 3; "What's Where in Nigeria's New States," West Africa (May 17, 1976), pp. 682-683.

criteria which General Gowon laid down at the time for the drawing of state boundaries was that "no state should be in a position to dominate or control the central government."[1] Indeed, as Table 1 shows, the division of the territory and the grouping of the population in 1967 changed the competitive structure from an "oligopolistic" model dominated by a single "firm" to one with more competitors and more evenly distributed "market power." This line of development was pushed even further in the reorganization of states carried out in 1976. The nineteen states now in existence have further reduced the territorial and population imbalances that existed previously. The government indicated that among its important considerations were the "need for even development" of the country and "the need to minimize minority problems."[2] In other words, equality in the distribution of development gains for reasonably homogenous groups underlies the government's criteria in drawing up the new state boundaries. Another criterion emphasized by the Federal Military Government over the last few years was to "bring the government nearer to the people."[3] At its face value, at least, this indicates a concern of the military leaders with equality of access to the governmental decision-making structure. Similar concerns seem to underlie the decision to move the federal capital from the coast to the geographic center of the country. The federal government

---

[1]"Why Nigeria Needs her New States," West Africa (April 26, 1976), p. 561.

[2]Ibid., p. 561.

[3]Ibid., p. 561.

had advised the selection panel that the site for the new capital "should not be in the territory of a major ethnic group or under the jurisdiction of a leading traditional ruler."[1]

In drawing up the new state boundaries the federal government aimed to forestall "agitation arising from neglect, discrimination, and minority fears,"[2] but it was not able to satisfy all the claimants to statehood. According to a government White paper, the creation of new states was widely looked upon around the country as a "booty-sharing exercise." It has to be kept in mind that about three-fourths of state revenues come from federal allocations, and that the federal government controls most of the country's oil revenue. Understandably, minority groups wanted to have states of their own, claiming to be discriminated against by majority ethnic groups in existing states. But the governmental panel found that discrimination claims came from all sides. Demands for separate states came from majority groups, such as the Hausa in the former North-West State, who felt at a disadvantage in relation to the better educated minority groups in what is now Niger State. In the former Western and East-Central States it was Yoruba and Ibo subgroups who pressed for separate states. In both instances, of course, there is a long history of communal identification among these subgroups. The arguments, however, were couched in modern competitive terms.

---

[1]"The New Shape of Nigeria," West Africa (Feb. 9, 1976), p. 162.

[2]"Is There One Nigeria?" West Africa (May 3, 1976), p. 594.

TABLE 2: Nigeria: Size and Distribution of Major Ethnic Groups

Group	1963 Census (millions)	Main Home region	Main Home state (1967)	Main Home state (1976)
Hausa	11.6	Northern	North-West., North-Central Kano, North-East.	Sokoto, Kaduna, Kano, Bauchi
Yoruba	11.3	Western	Western, Kwara	Ogun, Ondo, Oyo, Kwara
Ibo	9.2	Eastern	East-Central	Imo, Anambra
Fulani	4.8	Northern	Kano, North-East.	Kano, Bauchi
Kanuri	2.2	Northern	North-East.	Borno
Ibibio-Efik	2.0	Eastern	South-East.	Cross River
Tiv	1.4	Northern	Benue-Plateau	Benue
Ijaw	1.0	Mid-West., Eastern	Mid-West., Rivers	Bendel, Rivers
Edo	1.0	Mid-West.	Mid-West.	Bendel
Nupe	.6	Northern	Kwara North-West.	Kwara, Niger

SOURCE: Adapted from H. D. Nelson, et al., Area Handbook for Nigeria (Washington: U. S. Government Printing Office, 1972).

West Africa reports that the people of Ondo see themselves as "the most educationally progressive of all Yorubas" and argue that on this account they have earned "suspicion and discrimination instead of praise and emulation" from their fellow Yorubas.[1] Similarly, the Ibos of Onitsha and neighboring provinces were rejected by other Ibos "on account of their

[1] "Is There One Nigeria," West Africa (May 3, 1976), p. 594.

high educational and commercial attainments."[1] These exclusions reflect achievement based criteria crisscrossing with communal elements in the formation of competitive groups.

It is fair to say that the increase in the number of relatively autonomous political units within the country, along with their equalization in size, has increased the perception of communal equality. Table 2 shows how the creation of new states has affected the distribution of ethnic groups. On the whole, the latest reorganization has probably made for more homogenous ethnic groupings of the population, even though the Federal Military Government has always rejected the demands of politicians to make "ethnicity" the overriding criterion for drawing state boundaries. It is clear, furthermore, that in a number of instances, the federal government sought to achieve a sense of equality by drawing boundaries in a way which balances ethnic groups within a state. Aside from the perception of greater equality, the act of creating a new state helps to promote the policy of "even development" throughout the country. In general, the people of a new state, especially if they were on the ethnic or geographic periphery of a former state or region, can expect to see improvements closer to home in infrastructure and in social programs. If the new state is linguistically homogenous, there is also the possibility of elementary education, newspapers, and radio and television programs in the vernacular.

---

[1] Ibid., p. 594.

3. Communal Income Distribution

The distribution of income is generally regarded as a basic indicator of the sharing of development gains. Unfortunately, there are no data available on income distribution by communal groups. The only proximate data available relate to the former regions. The earliest computations of regional income were made by A. R. Prest and I. G. Stewart in 1950-51. They computed the income of Nigeria in terms of three regions, with Lagos included in the Western Region and Southern Cameroons in the Eastern Region. The most salient fact about their distribution, which is given in Table 3, is the low income of the North in relation to the East and West. The North was estimated to contain slightly over one-half of the country's population, but it generated only a little over forty percent of the national income. Real per capita gross regional product in the North was only about sixty percent that of the West and seventy percent of that of the East.

TABLE 3: Nigeria: Regional Income Distribution 1950-1951

Region	Gross Regional product	Per Capita GRP (nominal)	Per Capita GRP (adj. for cost of living)
Western	mill. £ 200	£ 29	£ 26
Northern	246	16	16
Eastern	150	19	23
Nigeria	596	20	20

SOURCES: A. R. Prest and I. G. Stewart, The National Income of Nigeria, Colonial Research Studies no. 11 (London: Her Majesty's Stationery Office, 1953), p. 61; G. Brian Stapleton, The Wealth of Nigeria (Ibadan: Oxford University Press, 1967), p. 95.

Although the income distribution figures do not refer directly to communal groups, they are consistent with common perceptions of the major ethnic groups. The Hausa, who are identifed with the North, stand out as economically disadvantaged. In reality, of course, income differences within regions were greater than differences between regions, especially when account is taken of urban-rural differentials. Since the three largest cities in the North according to the 1953 census (Kano: 130,173; Zaria: 92,208; Sokoto: 51,986) were roughly eighty percent Hausa, one could argue that the urban differential worked in favor of the Hausa majority in the region.[1] But it is crucial to note that almost ten percent of the population of Kano and Zaria were Ibos, and another five percent were Yorubas. This is highly significant for communal income distribution, because these "southerners" who had migrated north occupied mainly the better paying managerial, clerical, and skilled jobs. In Kaduna, the fourth largest city and capital of the Northern Region, the role of the "southerners" was even more important. The Ibos represented about twenty and the Yorubas ten percent of the city's population.

In the other large Northern cities there were no Hausa majorities: Ilorin (40,994) was 85 percent Yoruba; Jos (31,582) was 99 percent Birom; and Minna was 98 percent Gwari. All of the major Eastern cities, on the other hand, with the exception of Calabar, had overwhelming Ibo majorities.

---

[1] Data on the ethnic composition of the cities are from James S. Coleman, "The Ibo and Yoruba Strands in Nigerian Nationalism," in Melson and Wolpe, op. cit., p. 71.

Similarly in the West, all of the major cities, except Benin and Sapele (the Mid-West cities), had large Yoruba majorities. Altogether there were some 200,000 "southerners," about two-thirds Ibo, that had moved north by 1953, while some 66,000 "northerners" had moved south. The movement of skills, however, was in opposite directions. While skilled manpower moved north to take advantage of the region's lagging development, the "northerners" who moved south, according to Kilby, were mainly "seeking casual employment in various forms of arduous physical labour."[1]

Even though the evidence on hand does not allow any hard conclusions, I am prepared to argue that at least in the East the urban income differential worked in favor of the majority ethnic group. In the North the question is too complex to make any guesses. In the West there are good reasons to expect that the average income of the Yoruba people was higher than that of the minority groups, in part because Lagos is primarily a Yoruba city. The Yoruba areas are among the most highly urbanized in Nigeria, but many Yoruba urban dwellers are farmers, which further complicates the picture.

Aside from the 1950-51 data presented above, we have also computations for 1965, which are presented in Table 4. The salient feature of this table is the high per capita income in the Federal Territory of Lagos in relation to the rest of the country. This is not surprising, since, as we shall see below, the greater Lagos area is by

---

[1]Peter Kilby, Industrialization in an Open Economy: Nigeria 1945-66 (Cambridge: University Press, 1969), p. 205. On the other hand, as anyone familiar with Nigeria knows, the "Hausa trader" is also a familiar figure in the South. See for instance, Abner Cohen, "The Social Organization of Credit in a West African Cattle Market," in Melson and Wolpe, op. cit., pp. 92-112.

TABLE 4: Nigeria: Regional Income Distribution, 1965

Region	Pop. (1963) 000's	% of total	Gross Dom. Prod. £ mill.	% of total	Per Capita £	% of nat.aver.
Northern	29,809	53.5	562.7	45.5	18.9	85
Eastern	12,395	22.3	256.6	20.7	20.7	93
Western	10,266	18.4	255.6	20.7	24.9	112
Mid-Western	2,536	4.6	79.4	6.4	31.3	141
Lagos (F.T.)	665	1.2	82.0	6.7	123.3	555
Nigeria	55,671	100.0	1,236.3	100.0	22.2	100

SOURCE: O. Teriba and O. A. Phillips, "Income Distribution and National Integration," The Nigerian Journal of Economic and Social Studies, vol. 13, no. 1 (March, 1971), p. 81.

far the most industrialized of the country and contains the highest percentage of expatriate personnel. A more surprising feature is the relatively high income of the Mid-Western Region. It is very difficult to see why the per capita income in the Mid-West in 1965 should have been so much higher than in the West. Perhaps the controversial official 1963 census figures used in computing the per capita incomes of Table 4 understate the income of the West more than that of other regions. In Table 5 the regional incomes are recomputed on the basis of the demographic calculations made by Leslie Green of the Nigerian Institute of Social and Economic Research.[1] The regional ordering of per capita income in this table are more believable, with the West, traditionally the richest area, having somewhat higher incomes than the Mid-West. The position of the North remains unchanged at the bottom of the scale but not much below that

[1] L. Green, "Population Models for National and Regional Planning 1952-56," Interim Report no. 3, NISER, Ibadan, December 1970 (Mimeographed). Green and his associates based their calculations on extensive crosschecks of the 1963 census figures against local sources such as aerial surveys of housing and occupancy rates. In many instances they found the official figures vastly exceeding the maximum capacity of the available dwelling space.

of the East. Lagos till leads the country with average incomes roughly four times the national average. These data, however, do not take prices into account. Price differentials would substantially reduce the Lagos lead and might improve the position of the East somewhat.

It is difficult to evaluate the importance of these regional income differentials in the perception of inequality among communal groups. Averages are, of course, not observable and the perceptions that count are primarily those of the elite, of the opinion leaders. Differentials in gains from development and opportunities for gains for these groups are likely to be of greater importance. The opportunities for such gains are in turn related to the pace of modernization in each area, to government policies, to the growth of development-oriented public and private spending, and the creation of well-paying jobs. The growth in the fiscal capacity of the government in each area is of considerable importance, given the important role of governments as direct employer and as a source of development expenditure.

TABLE 5: Nigeria: Revised Regional Income Distribution, 1965

Region	Pop. (1963 rev.) (millions)	Per Capita GDP	% of national aver.
Northern	23.0	24.5	85
Eastern	10.1	25.4	88
Western	6.9	37.0	129
Mid-Western	2.5	31.8	110
Lagos (F.T.)	.7	117.1	407
Nigeria	43.1	28.7	100

SOURCES: Adapted from Green, op. cit., and Table 4.

4. Federal Revenue Allocations to Regions and States

The creation of regions with a significant degree of administrative autonomy inevitably involved fiscal issues that had important implications for the distribution of revenues and expenditures between areas and, hence, between communal groups. This section is concerned primarily with the revenue allocation side, but it should be noted that the Nigerian federal system devolved upon the regions and their successor states responsibility for the bulk of development expenditure, including such costly areas as education, transport, and agriculture. The public revenues available to a region or state are thus an important indicator of how the area shares in the gains from development. Only in the last few years, since the large increases in oil revenues, has the federal government substantially increased its share in the financing of education and road building.

There are two basic ways in which a political subdivision can be provided with revenue. It may either be empowered to impose and collect taxes within its jurisdiction, or the taxing power may remain with the central government which then reallocates wholly or partly the proceeds to its subdivisions. A combination of the two approaches is of course feasible. What matters for present purposes is only how the selected approach affects interarea distribution. To the extent that an area has to rely on the taxes it can raise within its jurisdiction, its share in the total revenue depends primarily on the relative wealth of the

particular area. From a national perspective, this approach to financing a subdivision tends to reinforce the inherent geographic inequalities of the country. The richer areas will be served much better than the poorer areas. To the extent that the taxing authority remains with the central government, the revenues provided to each subdivision depend on the allocation principles adopted. The Nigerian experience since the creation of the regions has involved four basic principles, each of them having different distributional implications. The first is allocation on the basis of economic merit, or derivation, as it is called in Nigeria. It means in effect turning over to each area the revenues deemed to be generated by that area. This approach is obviously inegalitarian, since it provides more revenue for rich than for poor areas. The second principle is allocation on the basis of presumed need. Whether this is an egalitarian principle depends on the criteria of need. Most often the need was related to the level of established public expenditures in relation to other income, which sometimes meant that heavy spending areas were rewarded at the expense of those that had practiced more fiscal restraint. The third principle used has been "equity" or "even development" of the country. Unfortunately the concepts were never officially defined, but they do imply some notion of social equity and egalitarian sharing of development gains among areas and groups. The fourth principle is "national interest," which may or may not be egalitarian depending on circumstances.

When the colonial administrators laid down the initial principles of revenue allocation in 1946, their overriding concern was to establish habits of fiscal responsibility in the regional governments by getting

them accustomed to living within their means. As Sir Sidney Phillipson, the Financial Secretary for Nigeria, saw it: "the scale of expenditure on regional purposes in each region ought to be related to the amount which that region contributed to the revenues of Nigeria as a whole."[1] Certain revenues, such as direct taxes, licenses, and fees, which could be assessed and collected locally, were "declared regional" in the 1947 constitution, although it was not until 1951 that legislative authority over these revenues was passed on to the regions. From revenues collected by the central government block grants were to be made to the regions in proportion to their contributions, but in practice the lack of statistical information made it very difficult to apply this principle. To avoid crippling established services, especially in a year when other revenues of a region fell short, it was necessary to introduce the needs principle. If allocation on the basis of derivation posed difficult statistical problems, and hence was open to criticism, allocation on the basis of need quickly gave rise to interregional rivalry. The East had expanded its services, especially in education, most rapidly, and therefore had the greatest "need." Okigbo notes that the view gained ground "that the North and the West were making sacrifices to keep the services in the East going at the current level."[2] One of the problems was that the amount of income from declared regional revenues was relatively small, which gave great importance to the centrally allocated revenues.

---

[1] S. Phillipson, Statement of Administrative and Financial Procedure under the New Constitution (1946), quoted in P.N.C. Okigbo, Nigerian Public Finance (Evanston: Northwestern University Press, 1965), p. 18.

[2] Okigbo, op. cit., p. 27.

In 1950 a Revenue Allocation Commission (Hicks-Phillipson) was appointed to review the controversial allocation problem and to make recommendations in keeping with the constitutional evolution of the country. After a thorough review of the experience of the previous five years, the Commission decided that the economic merit principle, the principle of derivation, should be de-emphasized in favor of greater attention to need and "national interest." Its recommendations, which were adopted with only minor modifications, combined a number of allocation principles. In accordance with the principle of economic merit, the regions were given legal power to raise and retain regional revenues (direct taxes, produce sales taxes, certain licenses and fees) and they were awarded proportional proceeds of certain federally raised taxes (100 percent of import taxes on motor fuel and 50 percent of import and excise taxes on tobacco). From its retained revenues, the federal government made grants on the basis of presumed need, or equity, in relation to the number of adult tax payers in each region. This somewhat strange measure was meant to serve as a proxy for population figures. Grants for education expenditures (100 percent) and police expenditures (50 percent) were to be made in the name of "national interest."[1]

The Hicks-Phillipson recommendations were the basis for revenue allocation between 1951 and 1954. The authors were well aware that the change in principles of allocation which they advocated--less emphasis on derivation and more on other criteria--would affect the distribution

---

[1]For a discussion of the Commission's proposals and the government's actions see Okigbo, op. cit., pp. 23-37; also O. Teriba, "Nigerian Revenue Allocation Experience 1952-1965: A Study in Inter-Governmental Fiscal and Financial Relations," Nigerian Journal of Economic and Social Studies, Vol. 8, No. 3, pp. 362-366.

of revenue between the regions. In their report they noted: "the more one pushes the principles of Independent Revenues and of Derivation, at the expense of other principles, the more one gives to the West and the less to both the North and the East."[1] The new system had in fact a sort of rough intergroup equity in it, in the sense that each of the three major principles involved a different region: the economic merit (derivation) principle favored the West, the need (capitation) principle favored the North, and the education component of the national interest principle favored the East. Table 6 illustrates how these principles affected the actual allocations during most of the period they were in effect.

TABLE 6: Nigeria: Federal Revenue Allocations to Regions April 1952 through Sept. 1954

Allocation Principle	North £000's	North %	West £000's	West %	East £000's	East %	Total £000's	Total %
Economic merit (derivation)	2,760	24.2	5,776	50.7	2,848	25.0	11,384	100
Need (population)	5,159	59.8	1,583	18.3	1,890	21.9	8,632	100
National interest (police and educ.)	2,264	20.8	4,357	40.0	4,274	39.2	10,895	100
Other (transf. services)	-	-	383	100.0	-	-	383	100
Total allocation	10,183	32.5	12,099	38.7	9,012	28.8	31,294	100

SOURCE: Adapted from Teriba, op. cit., p. 365.

[1] Report of the Commission on Revenue Allocation (1951), quoted in Okigbo, op. cit., p. 39.

One cannot help the impression that the commissioners were somehow seeking a rough balance of allocations between the major tribal groups that were represented by the regions. If that was their intention, and if they had hoped thereby to prevent interregional rivalry, they were not successful. "Rather than narrow areas of interregional frictions and misunderstanding," Teriba notes, the new system "served to widen and aggravate them, with one region favoring a particular principle or principles for reasons exactly opposite to those making them anathema to the other or others."[1] The feelings were especially high in the West that the watering down of the derivation principle forced them to forego substantial revenues and hence to make great sacrifices for the North and the East. The North, on the other hand, was arguing for "need" as the sole principle of allocation, because only in that fashion was it possible to attenuate the inequalities in the social and economic development of the country.[2]

These arguments for and against interregional redistribution were carried on in the context of the political debate over the constitution. A major step in shaping the constitution of an anticipated independent Nigeria was the London conference of 1953, which Coleman has called "the most fateful constitutional deliberation in modern Nigerian history."[3] The outcome of the conference was a substantial shift toward increased autonomy of the regions, which had important implications for the distribution of centrally generated revenue. Following the conference, a commissioner (Sir Louis Chick) was appointed to assess the fiscal effects

---

[1] Teriba, op. cit., p. 366.

[2] Ibid., p. 366; also Okigbo, op.cit., p. 40.

[3] James S. Coleman, Nigeria: Background to Nationalism (Berkeley and Los Angeles: University of California Press, 1958), p. 371.

of the reallocation of functions between the center and the regions. His terms of reference were in keeping with the constitutional trend toward regional autonomy. He was to have "regard on the one hand to the need to provide to the regions and the center an adequate measure of fiscal autonomy within their own sphere of government and, on the other hand, to the importance of ensuring that the total revenues available to Nigeria allocated in such a way that the principle of derivation is followed to the fullest degree compatible with meeting the reasonable needs of the center and each of the regions."[1] Okigbo believes that this overwhelming emphasis on derivation reflected primarily the strong political bargaining position of the West, which had clearly most to gain from it.

Faithful to his terms of reference, Sir Louis Chick produced a set of recommendations that made virtually all allocations subject to the derivation principle. The previous allocations based on need and national interest were abolished, but provision was made for special grants to any region that found itself in financial difficulty through no fault of its own. These recommendations became the basis for the allocation system from 1954 to 1959. The effect of the change in allocation principles is illustrated in Table 7. As expected, the share received by the West increased substantially. That of the North increased slightly, but that of the East dropped considerably. The increase of the West reflects in part the rise in world cocoa prices, from which the West received 50 percent of the *ad valorem* export duty. The federal government retained

---

[1]Quoted in Okigbo, *op. cit.*, pp. 37-38; my underlining.

TABLE 7: Nigeria: Federal Revenue Allocations to Regions Oct. 1954 through fiscal 1958-59

Allocation principle	North £ 000's	West £ 000's	East £ 000's	Total £ 000's
Derivation	40,974	53,840	29,956	124,770
Special Need	3,000	2,000	2,750	7,750
Total	43,974	55,840	32,706	132,520
Share in 52-54	32.5%	38.7%	28.8%	100%
Share in 54-59	33.2%	42.1%	24.7%	100%

SOURCE: Adapted from Teriba, op. cit., p. 369.

50 percent of all export duties. As before, the new system did not satisfy the regions. There was particularly heavy criticism of the estimates of regional consumption of imported goods, which were used for allocating import duties. It was later calculated that faulty estimation deprived the North of £ 500,000 in annual revenue.

The new allocation system implicitly took a dismembered view of the country just at a time when there were huge increases in demand for education, especially in the East and the West. Leaving each region to its own resources, many people felt, was detrimental to the common national interest. Consequently, a new review commission (Raisman Commission) was appointed in 1958. The instructions to the Raisman Commissions still emphasized regional fiscal autonomy, in that they indicated "the desirability of securing that the maximum possible proportion of income of regional governments should be within the exclusive

power of these governments to levy and collect..."[1] On the other hand, there was also reference to need and to the "desirability of allocating further federal revenue in accordance with such arrangements as will best serve the overall interests of the federation as a whole."[2]

The commission's recomendations departed from the prevailing system in that once more need and national interest became accepted distribution criteria. Although economic merit (derivation) continued to play the dominant role, more egalitarian distribution was made possible by the creation of a new central fund, called the Distributable Pool Account. Payments into the pool consisted of 30 percent of mining rents and royalties and 30 percent of general import duties. All other payments to the regions remained on the derivation basis, but the federal government retained for itself certain import and excise duties previously distributed. The contents of the pool were allocated to the regions in fixed shares which were unrelated to derivation. In fixing the shares the commission took into account (1) size of population, (2) basic responsibilities of each government,(3) need for continuity in regional public services, and (4) need for balanced development of the federation as a whole. No doubt wisely, the commission did not reveal what weight it attached to each of these components, or how it actually computed the shares, which came out to 40 percent for the North, 31 percent for the East, 24 percent for the West, and 5 percent for the Southern Cameroons.[3]

---

[1]Quoted in I. O. Dina, "Fiscal Measures," in Reconstruction and Development in Nigeria, ed. by A. A. Avida and H. M. A. Onitiri (Ibadan: Oxford University Press, 1971), p. 378.

[2]Ibid.

[3]Southern Cameroons was then part of Nigeria; it became part of the Republic of the Cameroons in 1960.

These recommendations, with minor alterations, became the basis for revenue allocation between fiscal 1959/60 and 1964/65. As Table 8 indicates, the new distribution reversed the fortunes of the East and the West. The relative decline of allocations to the West, however, is also influenced during this period by the drop in the price of cocoa on the world market. The total share of federal revenue allocated on the basis of derivation, which had been almost 95 percent during the previous period, dropped to around 70 percent. This drop inevitably affected adversely the share of revenue received by the West. The share received by the North improved, but it was still well below the percentage of the population living in that region. In fact, if we look at shares received in relation to population, as shown in Table 9, the inegalitarian nature of the allocation system becomes quite obvious. The

TABLE 8: Nigeria: Federal Revenue Allocations to Regions
Fiscal Years 1959/60-1964/65

Allocation principle	North £ 000's	West* £ 000's	East £ 000's	Total £ 000's
Derivation	58,021	78,754	52,825	189,600
Dist. Pool	36,549	20,935	24,159	81,643
Total	94,570	99,689	76,984	271,243
Shares 1952-54	32.5%	38.7%	28.8%	
1954-59	33.2%	42.1%	24.7%	
1959-60	34.9%	37.8%	28.4%	

*Includes Mid-West.
SOURCE: Teriba, op. cit., p. 373.

TABLE 9: Per Capita Regional Allocations as a Percentage of the National Average

Period	North %	West %	East %	National Average %
1952-54	58.7-60.2	166.8-184.3	121.0-126.3	100.0
1954-59	59.9-61.5	181.5-200.5	103.8-108.3	100.0
1959-65	63.0-64.6	162.9-180.0	119.3-124.6	100.0

TABLE 10: Per Capita Allocations as a Percentage of the National Average: 1970-1977

States	1970-71 %	1974-5 %	States	1976-77 %
North-Western	69.2	56.7	Anambra	90.4
North-Central	82.4	66.2	Bauchi	105.1
Kano	86.5	56.7	Bendel	204.7
North-Eastern	66.7	49.3	Benue	87.0
Benue-Plateau	82.2	69.9	Borno	88.5
Kwara	123.3	95.3	Cross River	81.3
Lagos	191.7	145.8	Gongola	88.7
Western	125.6	48.8	Imo	103.4
Mid-Western	156.5	515.2	Kaduna	76.7
East-Central	73.3	75.6	Kano	67.0
South-Eastern	122.7	72.3	Kwara	102.4
Rivers	259.3	633.3	Lagos	134.6
			Niger	143.5
			Ogun	128.6
			Ondo	91.8
			Oyo	69.6
			Plateau	111.1
			Rivers	284.4
			Sokoto	72.8

SOURCE: Computed from data presented in West Africa (May 6, 1974), p. 524; (July 1, 1974), p. 791; (April 19, 1976), p. 551.

percentage range indicated in the table was computed on the basis of the population date from the 1952-53 census, the 1963 census and the estimates by Green. It is apparent that the source of the population data does not much alter the salient fact of the table, which is that for the period as a whole the per capita allocations to the West were on the order of three times as large as those to the North. Allocations to the East were roughly twice the size of the per capita allocations to the North. It is noteworthy also that all the haggling and the reviewing of the allocation principles did not much alter the overall pattern in the period up to 1965. To put these data in a proper perspective, it should be noted that for each region the federal allocations were the main source of revenue. For the North and the East the federal allocations constituted roughly two-thirds of governmental revenue, and for the West around three-fourths.

The last review of the allocation formula before the civil war took place in 1965. No new principles were introduced at the time, but the review commission (Binns Commission) made several changes, mainly increasing the size of the distributable pool, which reflected a growing conviction that the welfare of the federation as a whole should be given priority over the separate interests of the regions. After the creation of states in 1967, the shares allocated to each region were divided among the states created in a given region. There can be little doubt that the advent of military government in 1966 furthered the trend away from the derivation principle in favor of the national interest principle. The civil war ended in 1970, and since then the rise in oil revenues introduced a major new element into Nigerian fiscal affairs. Profits taxes on

oil companies and mineral rents and royalties replaced import and export duties as the main source of government revenues. The full application of the derivation principle to oil revenues would have tended to create gross inequalities among the states. Some Nigerians drew a sharp distinction between remitting taxes on produce to a state, that is, taxes on something produced by the "sweat of the brow," and remitting oil revenues, which are largely generated by multinational companies. The Federal Military Government, which fought a tragic civil war to maintain national unity, was in no mood to risk new threat to disunity in the form of invidious allocational inequalities.

The evolution of the allocation pattern in the post civil war period is illustrated in Table 10. During the first two fiscal periods presented in the table, the derivation principle still played an important role and accounts for the observed inequalities. Lagos State, with its relatively high per capita income, benefitted particularly from remitted import duties and excise taxes, while states like Rivers and Mid-Western were the special beneficiaries of derived oil revenues. In a move aimed at enabling marketing boards to pay higher producer prices to farmers, the federal government practically eliminated export duties on produce in 1973. This measure and the swelling oil revenues account for the accentuation of allocational inequalities by fiscal 1974-75, although all states except the Western experienced increases in the absolute level of federally allocated revenue. The loss of export duties from cocoa helped to reduce the per capita allocation in the West from 125.6 percent of the national average to 48.8 percent. Some nonstatutory grants, however, were made to the West and other states to compensate them in part for the loss of

export duty revenue. In the meantime, the revenues of the major oil producing states, Mid-Western and Rivers, exploded to five and six times the national per capita average. A fundamental correction of this situation was announced by the then Head of State, General Yakubu Gowon, in his 1974 National Day (October 1) speech. The new arrangement took effect on April 1, 1975, the beginning of the new fiscal year.

The new formula has a decidedly egalitarian bias. The derivation principle is reduced in importance, although not completely eliminated. The distributable pool is enlarged at the expense of both derivation and previously unallocated federal funds. Certain import (motor fuel, tobacco) duties and certain export (produce, hides, skins) duties which were previously paid to the state of derivation are now paid into the distributable pool, although in both cases the amounts involved are no longer very important. More far-reaching is the change in the allocation of on-shore mining rents and royalties.[1] Before April, 1975, the state of derivation received 45 percent of on-shore mining rents and royalties, while 50 percent went into the distributable pool and 5 percent to the federal government. Now eighty percent is paid into the distributable pool and only 20 percent to the state of derivation. Incidentally, this 20 percent of on-shore mining rents and royalties is the only remaining revenue allocated on the derivation basis. The pool, through which most funds are now distributed, is allocated in two ways; one-half is divided equally among the states; the other half is divided into shares proportional to population. The resulting share for each of the new states

[1]Off-shore oil revenues are retained by the federal government.

is shown in Table 10 for fiscal 1976-77. Under the new formula, the states with relatively large populations, like Kano, Sokoto, and Oyo, have relatively lower per capita allocations, while states with smaller populations, like Niger, Lagos, and Ogun, have higher allocations. This distribution is consistent with the notion that within certain limits the overhead governmental costs decrease with increasing population. Bendel (former Mid-West) and Rivers states have large allocations because of the remaining oil derived revenues. The distributional impact of oil revenues, however, is much smaller than previously. Extreme inequalities have been prevented.

It is fair to say that the new allocational formula and the new state structure have established a higher degree of distributional equity among communal groups than existed under any previous arrangements. Moreover, since the allocations are no longer subject to revenue fluctuations from specific crops, it is likely that the more equitable pattern will also be more stable over time. Nigeria has had the good fortune of rapidly rising governmental revenues, and this has enabled her to make more equitable distribution among groups without having to reduce the absolute share previously received by any group.[1] With abundant oil revenues to divide, it was easier to promote the concept of common national interest, and less concern needed to be devoted to linking revenue production and spending authority in individual states.

An important issue which is related to statutory revenue distribution among the states is the distribution of revenue between the

[1] Except that the recent changes reduced the incomes of Bendel and Rivers States, which previously benefitted excessively from oil derived revenues.

federal government and the states. For fiscal 1976-77 the total amount of statutory distribution is to be 1.362 billion Naira, a substantial increase over the 1.054 billion Naira distributed during the previous fiscal year.[1] Nevertheless, the amount to be distributed this year still represents only about one-fourth of total federal revenues. While much heated discussion has taken place in Nigeria over the years with regard to the relative shares of each region or state, there has been much less public discussion on the portion of total revenues that should be distributed. In every state the federal allocation is still by far the most important source of revenue, amounting in some cases to as much as 90 percent, and in many cases around 80 percent. It is true that in recent years the Federal Military Government has taken over responsibility for many expenditures which were previously borne by the states. Nevertheless, for the time being an important distributional question remains in terms not of how the Distributable Pool is distributed but how much goes into the pool. The implications of this question from the point of view of intercommunal equity are much less clear than the implications of the method of statutory allocations.

5. The Distribution of Education

In Africa as in other less developed areas of the world, education is the chief vehicle for upward economic and social mobility. Access to education is therefore a major indicator of opportunities to share in development gains. The implicit assumption here is that education provides the information, skills, and attitudes that are useful in the

[1] "A Budget Against Inflation," West Africa (April 19, 1976), p. 527.

modern sector and consequently that education opens the door to well-paying jobs in government and private establishments. While this assumption is generally warranted for modern western-type education, it is not valid for certain types of traditional education. This is an important qualification to keep in mind for Nigeria, because of the country's dual educational system. The first educational system of Nigeria was established in the Moslem North, before the beginning of missionary education in the South in the middle of the nineteenth century. The Koranic schools established in the North concentrated on the teaching of Arabic and the Koran. They instilled the values of traditional Moslem society, which esteems the man learned in sacred scripture rather than the man endowed with the acquisitive skills of modern society. Western education in Nigeria was provided almost exclusively by Christian missionaries. It had a religious orientation but emphasized the basic skills of literacy and numeracy. The identification of Western education with Christianity accounts for its slow development in the North. The northern emirs had the support of the colonial administration in their resistance to the intrusion of Christianity and Christian schools in the North.

This historical link between religion and education had weighty consequences for the development of education in Nigeria, particularly in terms of a sharp divergence between North and South. Moreover, the colonial government preferred to supervise and assist private schools rather than develop a public school system. As a consequence, as late as 1945 religious bodies operated 99 percent of the schools and taught 97 percent of the pupils.[1] This sytem strongly favored the South insofar

[1]Nelson, et al., op. cit., p. 177.

as modern education is concerned, as is shown in Table 11.

With a little over one-half the population of the country, the North had only about seven percent of the primary school enrollment at the eve of independence. Modern secondary education, which had come to the South around the turn of the century, did not come to the North until the 1930s. In 1947, at the time when the regions were created, the North still had less than three percent of the country's secondary school pupils. Ten years later its share had increased to thirteen percent. To be sure these enrollment figures do not take into account the pupils who were attending Koranic schools, on which there are no official statistics. According to one estimate, there were 19,073 Koranic schools by 1913, with an enrollment of 143,312 pupils.[1] A recent

TABLE 11: Differential Development of Western Education in Southern and Northern Nigeria

	South				North			
	Primary		Secondary		Primary		Secondary	
Year	Schools	Pupils	Schools	Pupils	Schools	Pupils	Sch.	Pup.
1906	126	11,872	1	20	1	n.a.	0	0
1912	150	35,716	10	67	34	954	0	0
1926	3,828	138,249	18	518	125	5,210	0	0
1937	3,533	218,610	26	4,285	539	20,269	1	65
1947	4,984	538,391	43	9,657	1,110	70,962	3	251
1957	13,473	2,343,317	173	28,208	2,080	185,484	18	3,643

SOURCE: Coleman, op. cit., p. 134.

[1] Cited in L. J. Lewis, Society, Schools and Progress in Nigeria (Oxford: Pergamon Press), p. 29.

estimate puts the number of Koranic schools at 27,500 with an enrollment of some 275,000 to 412,000 pupils.[1] These figures are comparable to the enrollment in Northern primary schools in the early 1960s. Since that time, however, primary school enrollment has grown much faster than enrollment in Koranic schools.

Given the North-South differential in educational development, a comparable differential in literacy is to be expected. According to the 1952-53 census, about 8.5 percent of the Nigerian population seven years old and older was literate in Roman script. The highest rate existed in the West, where it reached 18 percent. Lagos colony, which was included in the West, had a literacy rate of 64 percent. In the East the rate was 16 percent, but for the North as a whole it reached only two percent. There were interesting differences within the North. In the Middle Belt, where traditional religions were important, the literacy rate was 3.3 percent, while in the strictly Moslem North (Bauchi, Bornu, Kano, Katsina, Sokoto, Zaria provinces) it was only 1.4 percent.[2] On the other hand, 10.6 percent of the population in the seven and older age group in these provinces were literate in Arabic script.

It was during the 1950s that Nigeria experienced a major push toward increased school enrollments, as part of the country's modernization drive. The demand for education, as well as the available resources, were

---

[1]Alan Peshkin, "Social Change in Northern Nigeria: The Acceptance of Western Education," in Social Change and Development in Nigeria, ed. by U. G. Damachi and H. D. Seibel (New York: Praeger Publishers, 1973), p. 150.

[2]These data are from Coleman, op. cit., p. 135.

greatest in the West and in the East. Both regions introduced free primary education but could not successfully cope with the enormous swarms of school children. Table 12 presents the increases in enrollment ratios for the three major regions in both primary and secondary schools from 1952 to 1966. The North made very creditable progress during this period, but it still lagged far behind the rest of the country at the eve of the civil war. A major difference between North and South up to the civil war was in the role of government assisted private schools (mostly religious). In 1966 these schools were still enrolling over 80 percent of the pupils in the South (89.5 percent in Lagos) but only 23.4 percent in the North. In the North, it was the local authority schools that were providing modern education. They enrolled about three-fourths of the students in 1966.

TABLE 12: Primary and Secondary School Enrollment As a Percentage of the Population Aged 5-12 and 13-18 Respectively

	1952		1956		1960		1963		1966	
	Primary	Second.	Primary	Second.	Primary	Second.	Primary	Second.	Primary	Second.
North	3.8%	.2%	5.2%	.3%	7.1%	.5%	9.5%	.7%	11.1%	1.1%
East	32.9	1.1	52.3	1.8	75.6	2.9	62.9	4.0	58.8	5.8
West*	31.8	.8	63.6	3.8	69.4	10.9	61.6	14.4	57.4	9.9
Nigeria**	17.2	.6	30.1	1.5	38.6	3.6	35.3	4.8	33.9	4.5

*Includes Mid-West.

**Includes Lagos.

SOURCES: Computed from Federal Ministry of Education, Statistics of Education in Nigeria, Series I and II; population data based on Green, op. cit.

Until independence, the popular pressure for education was felt mainly at the primary and secondary levels. The main reason for the irresistible demand was economic. Okigbo has described the educational payoff in the fifties and early sixties as follows: "...without four years of schooling above the primary level, the choices open to the child for earning a livelihood are extremely limited. With four years' schooling his earning capacity rises to roughly 250 percent of the earnings of undifferentiated labor. A further five years of post-secondary schooling puts his earnings at 412 percent of the earnings of of his counterpart without additional training."[1] Data from a 1967 field survey, presented in Table 13, indicate a similar payoff for education. As an indication of the kind of employment opportunities education offers, it is worth noting that 98 percent of the illiterates in the sample and 90 percent of those with only primary education were self-employed, no doubt most of them in the traditional sector. Of those who had a secondary education, 65 percent were working for a wage or salary, as well as all of those with a university education.

TABLE 13: Average Annual Income by Education: 1967

Illiterate	129.51 N£
Primary	219.57
Secondary	351.37
University	1,543.39

SOURCE: O. Aboyade, Incomes Profile, Inaugural lecture delivered at the University of Ibadan, May 3, 1973 (Ibadan: University of Ibadan, 1973), Table 10.

[1] Op. cit., p. 171.

The governments responded to the heavy demands for more educational opportunities by devoting very large shares of their budgets to education. At independence the Eastern Region government was spending 44 percent of its recurrent budget on education, and the Western Region government was only slightly below that level.[1] The percentages of recurring expenditures spent on education by all regions from independence to the civil war are given in Table 14. Most of the regions maintained ruinously high commitments to education. The Mid-West was the spending leader, perhaps because as a new region it felt a need to catch up. On the other hand, the North, which was already far behind in education and general literacy, continued consistently to d te a lower share of current expenditure to education than any other region. This expenditure pattern almost assured that educational inequalities in the country, especially between the northern and southern communities would continue to increase. The pattern maintained itself after the

TABLE 14: Education as a Percentage of Recurrent Expenditure by Regions: 1960-67

Region	1960/61	1961/62	1962/63	1963/64	1964/65	1965/66	1966/67
Northern	23.1	21.3	21.6	26.2	25.7	27.8	32.0
Eastern	44.4	41.6	37.7	34.4	37.6	38.4	40.7
Western*	43.4	43.7	44.7	38.7	35.9	33.4	38.3
Mid-Western	-	-	-	51.2	34.8	45.8	59.8
Fed. government	6.4	6.3	6.4	6.4	8.8	8.4	7.9

*Includes Mid-West up to 1963/64.

SOURCE: Computed from Budget Estimates of the federal government and each region, 1960/61-1966/67.

[1]Okigbo, op. cit., p. 172.

creation of the states, as shown by Table 15. Northern states devoted the lowest absolute levels as well as the lowest ratios of recurrent budget to educational expenditures. The only counteracting force to this expenditure pattern was the fact that in the North the school wastage rate, the students who drop out before finishing a course of study, was substantially lower than in the rest of the country except Lagos.

TABLE 15: Recurrent Education Expenditures by States: 1969/70

	N£ Millions	as % of Recurrent Budget
Kano	1.6	17%
North-Central	1.8	27
North-East	2.4	30
Benue-Plateau	2.0	35
North-West	1.5	26
Kwara	2.3	40
Western	9.0	36
Mid-West	4.1	35
Lagos	3.3	29
Rivers	2.4	25
South-East	n.a.	
East-Central	n.a.	
Fed. gov't	8.1	7.8%

SOURCES: Budget Estimates of the states and federal government, 1969/70.

The widening educational gap between North and South has been a source of serious concern to the federal authorities, especially in the years since the civil war. General Gowon held the view that the educational imbalance was a serious threat to national unity and that it was imperative that it be eliminated. Speaking at Zaria, in November, 1972, he said: "I believe that the basic and most important solution to the

question of educational imbalance in the country must be found at the primary level and all our energies must be geared towards increasing, throughout the Federation, especially in the educationally backward areas, the primary school population progressively until primary school education becomes free and compulsory for all the children in Nigeria."[1] The extent of the gap was described by the Federal Commissioner for Education as follows: "...for every child in a primary school in the northern states there are four in the southern states; for every boy or girl in a secondary school in the north there are five in the south. And for every student in a post-secondary institution in the north there are six in the south."[2] It was to overcome this gap that General Gowon announced in January, 1974, that the federal government would take over the financial responsibility for free primary education throughout the country.

The starting date for UPE (universal primary education) was set initially for September 1, 1975, but has been moved since to September 1, 1976. The vastness of the plan is staggering. If we assume Nigeria's population to be only 60 million (the rejected 1973 census put it 79.96 million) and accept the likely ratio of primary school age children to be 19 percent of total population, there will be a potential 11.4 million primary school pupils on September 1, 1976. In 1972, primary school enrollment was 4.39 million,[3] which means that for the country as a whole

[1] Quoted in West Africa (March 25, 1974), p. 325.

[2] Ibid., p. 326.

[3] West Africa, September 23, 1974, p. 1155.

primary enrollment will roughly have to triple by 1980 when the program is to be fully effective. But the problem is even more serious because of the existing educational unevenness. Whereas in large areas in the South primary enrollment reaches already 80-100 percent, in the northernmost states it is still under 10 percent. There is no ready way in which sufficient teachers and facilities can be secured in a short time to meet the needs of the North, even assuming that all parents in the heavily rural North would be willing to send their children to school.

Nationwide compulsory primary education financed by the federal government at first glance seems to be an important measure to reduce intergroup economic inequality. Judging from past African experience, however, it will take considerable time before this equalizing effect can be achieved. In Ghana, for instance, primary education became nominally compulsory in 1961, but in northern Ghana primary enrollments have never exceeded 30-40 percent.[1] In nomadic areas especially, parents may fail to recognize the value of modern schooling. There may also be situations where parents are unable or unwilling to provide expected clothing for school children, or pay for midday meals, which children often buy. In high demand areas like the southern states, on the other hand, enrollments may exceed 100 percent of the school age brackets. This happens because children outside the specified ages attend school when fees are eliminated. Without adequate birth records the ages of children are usually very difficult to verify. At least this

---

[1] Ibid., p. 1155.

is what happened in areas where school fees were abolished in the past. Under these circumstances, it is likely that an inherently egalitarian measure like universal primary education may do little in the short run to reduce intercommunal economic inequality. There is good reason to believe, however, that in the long run the equalizing effect will be substantial.

At the university level the discrepancy between the North and the rest of the country has been an equally serious problem. Until independence, there was only one university in the country, and it was located in the South, at Ibadan. Shortly after independence four additional universities were created, one in each region and one in Lagos. Since then enrollment has grown apace. From a total of 1395 students in 1960 it grew to 9170 by the eve of the civil war. Not even the civil war stopped the enrollment increase. By the end of the war it reached 9589, without including the University of Nigeria at Nsukka, which was in secessionist territory and the scene of some fighting. After the war enrollment resumed its rapid rise. By 1973, with the rehabilitation of Nsukka and the addition of the new university at Benin, enrollment reached 23,173. The current five-year development plan projects university enrollment to reach 53,000 by 1980, which would be a forty-fold increase in twenty years.[1]

As one would expect, different communal groups have not shared evenly in this remarkable growth. This is a direct consequence of unevenness in primary and secondary education. Table 16 offers some

---

[1]Data from National Universities Commission and Federal Republic of Nigeria, Third National Development Plan 1975-80 (Lagos: Federal Ministry of Economic Development, 1975), vol. I, p. 243.

TABLE 16: Distribution of University Students by Region of Origin: 1966/67

Region of Origin	% of National enrollment	Enrollment Index (nat'l aver. = 100)
Northern	9.0	17
Eastern	43.7	187-196
Mid-Western	12.2	210-265
Western	32.2	175-201
Lagos (F. T.)	.8	50-67
Non-Nigerian	1.8	

SOURCE: National Universities Commission; population census 1963; and Green, op. cit.

data on the regional origins of university students in 1966/67. The first column shows the percentage of students coming from each region. The most salient fact is that the Northern region which had more than one-half of the country's population had only nine percent of university enrollment at the eve of the civil war. The second column gives an index of the distribution of students in relation to the distribution of population. The range which is given here is based on two different sources of population data, the 1963 census and Green. The basic pattern remains unaffected by the population data source. For the North the university enrollment was only 17 percent of the national average, while for the three main other regions it was in the neighborhood of twice the national level. The low ratio for Lagos is surprising and may be due to the fact that most people living in Lagos consider their area of "origin" to be elsewhere.

This unevenness in university enrollment has been the cause of considerable debate in Nigeria. The federal government has resisted demands for enrollment quotas by states. The direction it has followed instead has been to create more universities and to locate them throughout the country. Since the end of the civil war the number of universities has doubled from five to ten. The new universities (Benin, Jos, Calabar, Sokoto, and Maiduguri) were established before the number of states was increased from twelve to nineteen. If the number of states had remained unchanged, there would have been only three states (Rivers, Kwara, North-Central) without a university of their own. They would, no doubt, soon have added them. Whether all nineteen states will have universities in the near future remains to be seen. In any case, the decision to create a university, which previously lay with the states, is now up to the federal government. It has taken over all university financing, which has freed the financially strapped states from a severe financial burden. While the federal authorities have been concerned with the spreading of opportunities for higher education throughout the country, they cannot ignore the warnings of the National Universities Commission against excessive proliferation.

6. Shares in Exports and Industrialization

There have been three major growth forces in the modern Nigerian economy: export agriculture, industrialization, and the petroleum industry. Until the early 1970s, export agriculture was the main driving force, although from the 1950s onward, and especially during the 1960s, industrial development began to play a role. In the last few

years, the petroleum industry has become dominant as a source of capital, foreign exchange, and government revenue. The impact of the oil boom on revenue allocation has already been noted earlier. This section will review how the different communal groups, as represented by regions and states, have shared in the development forces represented by non-oil exports and industrialization.

When the regions were created in 1947, the colonial authorities saw to it that each of them was associated with at least one major export crop as a source of revenue. For the North it was peanuts, for the West cocoa, and for the East palm products (oil and kernels). In addition, the North had cotton, tin, columbite, hides and skins; the West had also some cotton, as well as rubber, palm products, and lumber; the East had some lumber to export along with the palm products. Petroleum exports did not begin until 1958.

The exports of the major agricultural crops (cocoa, peanuts, palm products, and cotton) have been controlled by government marketing boards. The value of the marketing board purchases of these crops in the three regions from 1947/48 to 1960/61 were as follows: North, £ 281 million; East, £ 260 million; and West £ 533 million.[1] Only about three-fourths of these sums were paid out to producers over the years. The remainder was retained as taxes and marketing board trading surplus. Some of this surplus found its way into capital investments in the regions. In Table 17 the gross income generated from the major exports

---

[1] G. K. Helleiner, Peasant Agriculture, Government, and Economic Growth in Nigeria (Homewood, Ill.: Richard D. Irwin, 1966), p. 163.

TABLE 17: Value of Non-Oil Exports by Regions: 1947-60

Region	£ 000's	£ per capita (1952-3 census)
Northern	471,226	28.0
Western	653,062	107.3
Eastern	297,640	41.2

SOURCE: Helleiner, op. cit., p. 163, and Table IV-A-7.

is combined with the income from secondary exports to obtain an estimate of the value of exports generated by each region until independence. The table shows quite clearly that the wealth of the Western region, which has been noted earlier, is strongly based in its export capacity. The East is behind the North in absolute terms but well ahead of it in relation to population. The basic problem of the Northern region is the large population in relation to its productive capacity.

Table 18 presents similar estimates of the value of nonpetroleum exports, but this time by states and for the first decade of independence. Although petroleum exports became important during this period, they are not included because the proceeds from petroleum go primarily to the federal government and to expatriate companies. The impact on employment or income of a state, other than through federal allocations, is rather limited. The per capita figures in tables 17 and 18 are not strictly comparable because of the inconsistencies between the 1953 and 1963 censuses and the difference in the length of the periods covered. It is worth noting the wide disparity in export values among

TABLE 18: Value of Nonpetroleum Exports by States: 1960-70

States	N£ 000's	N£ per Capita (1963 census)
North-Western	94,383	16.5
North-Central	100,373	24.5
Kano	273,801	47.5
North-Eastern	142,877	18.3
Kwara	2,968	1.2
Benue-Plateau	11,222	2.8
Western	476,768	50.2
Lagos	0	0.0
Mid-Western	210,214	82.8
Rivers		
East-Central	174,202	14.1
South-Eastern		

SOURCE: Teriba and Phillips, loc. cit., Table 4; L. Schaetzl, Industrialization in Nigeria: A Spatial Analysis (Munich: Weltforum Verlag, 1973), Table A4, p. 180.

the first six states listed, which formerly constituted the Northern region. Kwara State has practically no export revenue and Benue-Plateau State has very little. On the other hand, Kano State, the great peanut producer, stands well ahead of all the other Northern states. It will be recalled that when the states were created in 1967, the revenue formerly allocated to the Northern region was equally distributed among all the states of the area. It is quite evident that this had an equalizing effect, which strongly favored Kwara and Benue-Plateau at the expense of Kano. In other words, it favored two states which have large elements of minority tribes as against a state in which the country's largest tribe is in the overwhelming majority.

We turn now to a discussion of the spatial distribution of industrialization. Nigeria is no exception to the general rule which favors local concentration rather than geographic dispersion of industrial growth. Nigerian industrial development has tended to locate around the major ports, Lagos and Port Harcourt, along the major transport arteries, and near the sources of raw material in the case of certain raw material based industries. Government policy during the colonial era had a significant impact on industrial location, although this impact was mainly an unintended consequence of decisions concerning administration and transport. The creation of regional administrative centers and their linking through roads and railroads helped to create regional growth poles. As in other colonial economies, the railroad was built primarily with a view to evacuating primary products. In Nigeria this took the form of a huge railroad triangle, with the base corners at the ports of Lagos and Port Harcourt and the apex at Kaduna and Kano. This design allowed for the servicing of what became later the regional capitals (Ibadan, Enugu, Kaduna) and for the evacuation of the major agricultural and mineral products of the regions. The creation of regional administrative centers helped in the development of growth poles through the provision of local infrastructures (power, water, communications, social services) and the development of local pools of skilled and semiskilled workers. The establishment of educational and training facilities helped to strengthen the local labor pools and added to the agglomeration effect by attracting service industries for industrial maintenance and repair.

This pattern, which favored the creation of a limited number of industry centers, was reinforced by the constitutional trend toward increased regional autonomy. The regional governments promoted the development of infrastructure and industry supporting facilities, such as industrial estates, in their capitals. The partial exception to this pattern was the Western government, which concentrated its industrial development on the outskirts of Lagos (Ikeja, Mushin) which were part of the Western region before the creation of Lagos State.

The advent of independence and of national planning during the 1960s did little to alter the spatial pattern of industrialization. The main reason was that most industries were established by private enterprise concerned with profitability, rather than with considerations of regional balance. The country's first National Development Plan, 1962-68 does not indicate any concern with spatial balance of industrial development, partly no doubt because the "national plan" was simply a collection of the plans of the regional and federal governments. By the time the Second National Development Plan 1970-74 was issued, the country's leaders had become much more sensitized to the question of regional distribution of the gains from development. This plan was prepared during a civil war fought over regional interests, and its chief authors were indigenous economists who were deeply committed to national unity and integration. It is not surprising, therefore, to find the plan defines as its top objective of a "new industrial policy" the promotion of "even development and fair distribution of industries in all parts of the country."[1] The new

[1]Federal Republic of Nigeria, Second National Development Plan 1970-74 (Lagos: Federal Ministry of Information, 1970), p. 143.

policy was not intended to scatter industries all over the country regardless of economic rationale. In fact, a rather moderate industrial location policy was spelled out: "Industries sponsored by the federal and state governments will, as a matter of location policy, be sited on purely economic considerations. A measure of administrative discrimination will, however, be allowed in favor of less industrially developed towns and districts when considering the marginal levels of selective incentives."[1]

The new approach was hardly calculated to counteract effectively the impact of past policies and of the short-run economics of spatial location. Nigerian industrialization has, therefore, been very uneven. Whether measured by gross output, value added, employment, or labor income, there is a very high geographic industrial concentration.[2] Table 19 shows the distribution by states of wages and salaries of industrial establishments employing at least ten persons. The overwhelming concentration of industry in Lagos and the very low level of industrial development in the peripheral parts of the country (North-East, North-West, Kwara, South-East) and in the central highlands (Benue-Plateau) is striking. The states with access to the sea (Lagos, Rivers, Mid-West) and those with former regional capitals (Western, East-Central, North-Central) have done relatively well. Kano benefitted from its location at the apex of the railroad triangle and near the source of raw materials for agro-allied industries. In 1965

---

[1] Ibid., p. 144.

[2] See Schaetzl, op. cit., pp. 54 ff.

TABLE 19: Wages and Salaries in Nigerian Manufacturing by States: 1965, 1969

States	1965 N£ 000's	1965 % of total	1965 N£ per 1000 inhab.	1969 N£ 000's	1969 N£ per 1000 inhab.
Lagos	7,277.5	41.3	5,054	13,647.6	9,477
Western	1,375.3	7.8	145	2,042.0	215
Mid-Western	1,686.2	9.6	664	1,819.3	716
North-Eastern	140.1	.8	18	193.2	25
Benue-Plateau	147.9	.8	37	396.9	96
Kano	1,210.6	6.9	210	2,206.7	382
North-Central	1,984.8	11.3	484	3,645.6	889
Kwara	256.7	1.5	107	512.7	214
North-Western	49.4	.3	9	449.3	78
Rivers	1,703.2	9.7	1,106	n.a.	n.a.
East-Central	1,580.0	9.0	218	n.a.	n.a.
South-Eastern	204.3	1.2	56	n.a.	n.a.

SOURCES: Schaetzl, op. cit., p. 201, Table B-3; population based on 1963 census.

the whole Northern region had only about one-fifth of the country's industrial wages and salaries and of that fifth 85 percent was in the cities of Kaduna and Kano.

In the post civil war period, the Federal Military Government has undertaken a number of measures which were intended to facilitate the regional dispersion of industry. It established uniform rates for electric power and a uniform gasoline price throughout the country. It engaged in a vast road building program, taking over from the states responsibility for trunk B roads. In addition to taking over the

financing of primary education, the federal government is providing also a string of secondary and vocational schools throughout the country. The current national plan envisages a considerable expansion of federal support for small industries around the country, including grants for loan funds, industrial development centers, and model industrial estates for each state.[1] The plan mentions also the creation of an interministerial committee to "work out a reasonable spatial distribution of federal investment in manufacturing industries."[2] Finally, the federal government has undertaken the expansion and rebuilding of 16 airports around the country, which is very important in a large country with hazardous road traffic and unsatisfactory trains.[3] It remains to be seen, however, how much these measures can affect the basic spatial pattern of industry as it developed during the 1950s and 1960s.

7. Conclusion

Nigeria represents an interesting case of a multiethnic society undergoing rapid economic and social development. The heritage from colonial times and economic constraints have precluded an egalitarian distribution of the gains from modernization among the country's diverse communal groups. Inequalities and fear of inequality have

---

[1] Federal Republic of Nigeria, Third National Development Plan 1975-80 (Lagos: Federal Ministry of Economic Development, 1975), vol. I, pp. 155, 164.

[2] Ibid., p. 155.

[3] For a report on the airline, see R. Owusu, "Nigeria: Blueprint for a Modern Airline Network," African Development (July, 1976), p. 685.

developed amidst strong communal competitive pressures. Before the military take-over in 1967, these pressures were played out in rough battles between political parties with largely ethnic bases. The military government has been able to suppress these overt conflicts between communal interest groups. After fighting a civil war to maintain the integrity of the country, the military leaders made clear their strong ideological commitment to a geographically (that is, ethnically) balanced development of the country. In the words of the 1970-74 national plan: "An important element of social justice... is ...balanced development as between different geographical areas of the country." But it goes on to add that "this objective cannot be achieved at the cost of stagnation in areas which are presumed to be relatively more developed."[1] The military leaders' ideological commitment to an affirmative action program on behalf of the less developed parts of the country is not to be carried out at the expense of a slowdown in the overall rate of growth.

In spite of this reservation, there is a long string of governmental measures which tend to increase communal equality. The creation of twelve and then nineteen states has eliminated the political imbalance that was inherent in the old regions. The allocation of federal revenues over the years has become much more egalitarian. Fortunately, the oil boom enables Nigeria to assist the less developed areas without taking anything away from the more advanced areas. Perhaps the most vivid symbol of the affirmative action mood is the

---

[1] Second National Development Plan 1970-74, p. 34.

all-out effort to introduce universal primary education. It is an appropriate symbol because it reflects the sense of regional egalitarianism among the military rulers, and upon closer inspection, it reveals also the high cost and the substantial risks of failure inherent in the drive for greater communal equality.

PROGRAM OF DEVELOPMENT STUDIES
Discussion Paper Series

No. 57 "Inflation and the Share of Government Tax Revenue in National Income: An Empirical Test" (1974), 30 pp.....Yhi-Min Ho

No. 58 "The Choice of Technology: Multinational Firms in Brazil" (1974), 42 pp..... Samuel A. Morley & Gordon W. Smith

No. 59 "The Developmental Significance of the Rise of Populism in Colombia" (1975), 21 pp..... Robert H. Dix

No. 60 "Inflationary Financing, Industrial Expansion and the Gains from Development in Brazil" (1975), 43 pp..... Donald L. Huddle

No. 61 "Noneconomic Factors in the Study of Economic Development" (1975), 33 pp..... ..... Robert Cartier

No. 62 "Social Groups and Religious Values as Factors in Economic Development: A South Asian Example" (1975), 25 pp..... Robert Cartier

No. 63 "The Bodpagaun Project: A Case of Economic Development" (1975), 29 pp..... Robert Cartier

No. 64 "Some Economic and Political Characteristics of the Low-Income Housing Market in Bogotá, Colombia and Their Implications for Public Policy Alternatives" (1975), 36 pp.....Timothy O. Gauhan

No. 65 "Public Expenditures and Services as Policy Outcome Predictors: A Two-Nation Analysis for Health and Education" (1975).... Kim Q. Hill

No. 66 "Low-Income Housing Development in Bogotá (1975), 32 pp..... .....Stephen O. Bender

No. 67 "Consumption and Earnings Patterns and Income Redistribution (1975), 26 pp..... J. Gregory Ballentine and Ronald Soligo

No. 68 "Income Redistribution and Its Effects on Factor and Import Demand in Taiwan: A Simulation Approach" (1975), 33 pp..... Yhi-Min Ho

No. 69 "The International Tin Agreement: A Reassessment" (1975), 19 pp., ... Gordon W. Smith and George R. Schink

No. 70 "Ethnography of Migration: Breaking Out of the Bipolar Myth" (1976), 15 pp..... Douglas Uzzell

No. 71 "Education, Communalism and Income Distribution" (1976), 33 pp..... .....Fred R. von der Mehden

No. 72 "From Play Lexicons to Disengagement Spheres in Peru's Urbanization" (1976), 21 pp..... Douglas Uzzell

No. 73 "Savings Behavior of Poor and Rich in Taiwan: 1964, 1966, 1968, and 1970" (1976), 30 pp.....Marian Krzyzaniak

No. 74 "Communalism and the Gains from Development: The Case of Nigeria" (1976), 55 pp..... Gaston V. Rimlinger

NOTE: Discussion Papers are available upon request to individual scholars and researchers and libraries of educational institutions.